A STUDY OF CARPET INDUSTRY OF BHADOHI

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COMMERCE

BY

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This is to certify that the work entitled " A Study of Carpet Industry of Bhadohi" has been completed by Mr. Rasheedul Haque under my supervision.

In my opinion, this dissertation is suitable for submission for the award of the degree of M.Phil. in Commerce.

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C O N T E N T S

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INTRODUCTION

Internal India, with its rich heritage of Science, arts and humanities epitomises modern society. Since time immemorial her sons have matured the difficult arts through generations and have provided the world their unique and creative talents. One such is the art of Carpet Weaving. This industry which had a humble beginning in India has now matured and today the charishma of hand-knotted carpets is recognised the world wide. The hand made carpets are unmatched with incomparable charm and exquisite beauty, with the result that it has become completely export oriented as more than 95 percent of the Indian carpets finds its way to overseas markets.

Being one of the major sources of foreign exchange earner, the industry is growing like a maverick. Consequently, the need for bridling it becomes imperative. Currently the export of carpets is going through a bad patch for reasons which could be overcome through modern management techniques and approaches.

It is for this reason that I have been prompted to base my dissertation on the carpet industry. Evidently, not much study has been done in this field, nor have the manufacturers allowed researchers and others to gain much.

knowledge for the outsiders are always thought as prospective competitors.

Happily, I have been able to make my humble contribution by virtue of my rapport and impeceable bonafides. Various persons and parties in the Bhadohi region and elsewhere were very cooperative and friendly. I am glad that I was able to cover a lot of ground hitherts uncharted. My study has been enthusiastically welcomed by the manufacturers. I believe it shall prove useful for those entrepreneurs, entering this industry as well.

OBJECTIVE OF THE STUDY

The following objectives are formulated to achieve the goals of study:

1. To examine the historical background of Indian Carpet Industry.

2. To analyse the growth of export of hand made woollen carpet and its target in future.

3. To explain the position of wages labour welfare and working conditions in carpet industries in Bhadohi/ Mirzapur carpet belt.

4. To discuss the problem of carpet industry.

5. To suggest measures for maintaining harmonious relations between weavers and manufacturers/exporters of carpet industry.

6. To appraise the contribution of the Government Organisation to provide facilities in the Development of Carpet Industry.

RESEARCH METHODOLOGY

The present study is mainly based on the secondary sources such as journals, reports, periodicals, statements, Government publications, etc. As a result this study may have some limitations as cent percent authenticity of the secondary sources cannot be ensured. However, during the course of the present study, I visited the All India Carpet Manufacturers Association, Bhadohi in the district of Varanasi, which has been set up for the upliftment of carpet industry of U.P. Many personnel working in the organisation were made and they became an important source of information used in the study.

PLAN OF THE STUDY

The present study has been divided into five chapters. The first chapter is a historical background of Carpet industry. The second chapter deals with growth and development of carpet industry in Bhadohi as well as export performance of carpet.

In third chapter, an effort has been made to explain the role of Government organisations, their functions, and problems of carpet industry in Bhadohi have been analysed in fourth chapter.

The fifth and last chapter have been presented the conclusions and suggestions of the study.

C H A P T E R - I

A HISTORICAL BACKGROUND OF CARPET INDUSTRIES IN INDIA

HISTORICAL BACKGROUND OF CARPET INDUSTRY IN INDIA

Any study of oriental carpets must, inevitably, take into consideration the history and culture of a vast area stretching from the Black Sea wastward to China. This area includes those states which now form part of the Soviet Union, Mongolia, Tibet, China itself, Turkey, Mescopotamia, Persia, Afghanistan, the area of Pakistan once called Blucistan and India. In North Africa, we must also consider Egypt and Morocco. A part from China and Tibet, the carpets of which from in any case a very distinct group, the cultures of all the other areas, they have mentioned and linked by ethnographic ties and most importantly, by a common religion, Islam.[1]

The development of the art of the carpet in Islamic countries may be seen, at its most basic, as an interation between religious and ethnic structures dating from long before the advent of Islam. This art has been shaped by economic, social and political movements caused by the development of religious beliefs and by military conquents. Thus, is possible to define the culture of the Muslim world in term of movements of two major ethnic groups, the Mangols

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1. Ian Benneth, "Complete Illustrated Rays & Carpets of the World", Published in New York, 1981, P. 122.

and the Arabs, and their spread through the empire of Islam.[2]

RUGS AND CARPETS MOGHUL INDIA

The Moghul Dynasty of India was, as its name implies ruled by emperors proud of their Mongol descent. Babar, the first Moghul Shah (1526-30), was a fifth generation descendent of Tamerlaine, and was thus related to Chengis Khan. Formerly ruler of Afghanistan, he overthrew the Hindu Delhi Sultanate. Ten years after his death, his son and successor, Humayun, was forced into exile by an Afghan revolt and spent nine years at the Persian court of Shah Tahmasp.[3]

On his return to India in 1549, Humayun brought with him a deep love of Persian Art; two of the leading Persian court painters, Mir Sayyid Ali and Abdus Samad accompanied him, and founded the Moghul School of paintings, a style which like the carpets of the Moghul Imperial Factories, blends the elegant sophistication of the persian style with a rich exoticism which is characteristically Indian Mir Sayyid Ali, called Naziral-Mulk (wonder of the Realm), illustrated a huge twelve volume Dastan-i-Hamza

2. Ian Benneth, "Complete Illustrated Rugs and Carpets of the World", Published in New York, 1981, P. 122.

3. Ibid, P. 122.

(Romance of Amir Hamza) with paintings on cotton, one of the masterpieces of Islamic art and one which was to provide Moghul painters with a yardstick for years to come.[4]

It was under Humayun's son, Akbar the great (1556-1606) that the Moghul Empire consolidated its power. Like the late Timurid and early Safarid Shahs, he established workshops for the production of paintaings, manuscripts, goldsmithing, arms and carpets. Between 1569 and 1589, he built the city palace of Fatehpur-Sikri, having the walls covered with murals. In 1584, he established his capital at Agra.[5]

EARLY MOGHUL WEAVING

It is from the reign of Akbar that we have the first documentary evidence of carpet production. Abul Fazal (1551-1602) wrote the official history of his master's reign. The A'in-i-Akbari which was translated by H. Blochman in 1873. The book contains that Emperor:

> '.....has caused carpets to be made of wonderful varieties and charming textures; he has appointed

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4. Ian Benneth, "Complete Illustrated Rugs and Carpet of the World", Published in New York, 1981, P. 123.
5. Ibid, P. 122.

experienced workmen, who have produced many masterpieces. The carpets of Iran and Turan are no more thought of, although merchants still import carpets from Goskhan, Khuzistan, Kerman and Sabzwar. All kinds of carpet-weavers have settled here, and drive a flourishing trade. These are found in every town, but especially in Agra, Fatehpur and Lahore."[6]

This passage not only establishes the location of the leading weaving centres of India, but also reveals the places of origin of persian carpets as 'Boskhan' (Joshaqan) Khuzistan (in West Persia), Kerman and Sabzwar (the small town in khorassan). A surprising omission from this list is Herat, from which city large quantities of carpets are known to have been sent to India; the floral style of these can be seen repeated in many Indian weavings. 'Turan', referred to in the above quoted passage, is Turkistan. The proud boast that Persian and Turkistan carpets 'are no more thought of' should not, of course, be taken literally, since persian carpets at least continued to be imported into India in great quantities during the 17th century, the Ambder garden carpets, for instance, came to India in the early 17th century. Indeed, it is unlikely that any of the surviving Indian carpets pre-date the reign of Jahangir (1605-27).[7]

6. Ian Benneth, "Complete Illustrated Rugs and Carpets of the World", Published in New York, 1981, P. 123

7. Ibid, P. 114.

PERSIAN INFLUENCE

The Amber garden carpet comes to mind when discussing a group of extraordinary fragments from at least two carpets of Moghul origin, which are assumed to be among the earliest extant examples of Indian weaving, dating from around the first decade of the 17th century. The designs are free and asymmetric, one of the principal features of many Indian carpets.

Although more grotesque than the Amber garden carpet now in Jaipur, certain elements of the Moghul fragments—the polychromy and angularity of drawing—are very close. It may be that the Amber carpet (which was probably one of several imported examples) influenced the Moghul designers in the production of their bizarre carpets. This would mean that the existing fragments should perhaps be given a slightly later date than has been supposed hitherto.[8]

MOGHUL ANIMAL CARPETS

Although the majority of surviving Moghul carpets are of a formal floral design, there is a small group of exceptional animal carpets extant, all of which are dated to the early 17th century. The three most famous are the widenar carpet in the National Galleery, Washington, the Peacock

8. Ian Benneth, "Complete Illustrated Rugs & Carpets of the World", Published in New York, 1981, P. 123.

rug in Osterreichisches Museum fur angewandte Kunst, Vienna and the Boston hunting carpet. There are several features in these pieces which bestpeak their Indian origin; flowers and animals, such as elephants, never found in Persia weaving, and more importantly, a pictorial realism and asymmetry which are unique to Indian weaving at this date and which betray the presence of Hindu designers and weavers.[9]

MOGHUL FLORAL CARPETS

Different in style, but of the same period, is a group of floral carpets, the patterns of which seem to derive from contemporary Herat pieces. Of these a number were woven in India on commission for European clients. This carpet must be considered as one of the masterpieces of the reign of Shah Jehan (1628-59), celebrated as the builder of the "Taj Mahal", although in many respects its design is closer to an European conception of a carpet. A related piece, which can be linked with animal carpets, is the fragmentary fremlin carpet, named after the arms of the Fremlin family of Kent which appear woven into the border and field, the red field is woven with winged, beasts and combat groups.[10]

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9. Ian Benneth, "Complete Illustrated Rugs & Carpets of the World," Published in New York, 1981, P. 125.

10. Ibid, P. 128.

We have mentioned before Jahangir's court painter Mansur. He was commissioned by his master to produce albums of flower paintings, over a hundred of which survive. The latgest surviving group, the so-called 'Lahore carpets' are preserved in the Jaipur Museum. They were made originally for Rajah Jai Singh I (1622-68) for his palace at Amber, built in 1630.[11]

There are, essentially, four groups of Moghul floral rugs. One has a lattice pattern, with either palmeltes and blossoms or single flowering shurbs contained within a while trellice framework; the trellice itself is constructed of either long slender leaves, arabesque scrolls or acanthus leaves. The second floral group is the particularly associated with the Lahore carpets; the design consists of directional rows of whole flowering plants on a red ground.

Possibly the most extraordinary of all surviving Indian floral carpets is the ex-Kevovkian piece sold in 1970 and now in an english private collection. This measures fifty-two and a half feet in length and was almost certainly an Imperial Commission. Along its entire enormous length are

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11. Ian Benneth, "Complete Illustrated Rugs & Carpets of the World", Published in New York, 1981, P. 131.

ogee and square medallions surrounded by radiating systems of flower heads and stems, each system differing from the next one.

The fourth group of Indian floral weaving are the prayer rugs. Of these, one particular types is outstanding and expectionally rare. In such pieces, the mihrab contains one large flowering plant.[12]

OTHER TYPE OF FLORAL CARPETS

Hence we shall interrupt our study of the history of India to take note of some events in the story of the carpets.

In the book of Sir G. Watt (London, 1908) mentions that the Indian carpet was described under the name of 'alcatif' (katif being the Arabic word for a pile carpet). Mention of carpets was made too by Pinto in 1540, by Tenreiro in 1560, by Linschoten in 1598 and by Pyrard who, in 1608, reminisces on portueses ladies of Goa seated upon precious 'alcatifits'.[13]

One of the first carpets from the imperial looms at Lahore that is known and that presented in 1634 to the

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12. Ian Benneth, "Complete Illustrated Rugs & Carpets of the World", Published in New York, 1981, P. 137.

13. E. Gams-Ruedin Thomas and Handson, 'Indian Carpets' Published in West Germany, 1985, P. 16.

Girdlers' company and a Director of the East India Company. In the opinion of Arthur Dilley, the Moghul carpets, which are among the most splendid creations of the seventeenth century, were woven in the reigns of Akbar, Jahangir and Shah Jehan at Agra, Fatehpur, Lahore and Delhi. Examples are in the collections of the Central Museum and the city palace of Jaipur; the Osterreichisches Museum fur angewandte Kunst, Vienna; the Victoria and Albert Museum, London; the Metropolitan Museum of Arts, New York; the textile Museum Washington D.C. and the Museum of fine Arts, Boston. The Girdlers carpet, which bears the coast-of-arms of both Bell and the Girdlers' company, as well as Bell's monogram, is now in a place of honour in the Company's Hall in London.[14]

The weavers of floral carpets in India were of Persia origin, and thus the persia influences is evident in their art. The Moghul prayer rugs, however, are of typically Indian style. Indian carpets of this period are distinguished from Persian palette in lightness and clarity, in the pink used to outline the motifs and in the incomparable fineness of the knotting. The fragment of the silk rug in the Altmann collection at the Metropolitan Museum of Arts in New York has a knot-count of just over 3,900,000 per square

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14. E. Gams-Ruedin Thomas and Handson, 'Indian carpets' Published in West Germany, 1985, P. 17.

meter (2,516 per square inch). Such carpets with silk warp, weft and pile must have been woven under Shah Jahan, contemporary with his building of the Taj Mahal.[15]

After the full of the Moghuls, empire, the East India Company encouraged the production of commercially viable carpets in Europe; which were not as sumptuous and produced with less care. In India, as in the Middle East, only scant information is available on knotted carpets made between the seventeenth and the nineteenth centuries. Production must have been somewhat sparse, since there exist only a few rare examples from the eighteenth century.

It was in the nineteenth century, when trade with Europe intensified, that the carpet industry enjoyed a revival in India. The Crystal Palace Exhibition in London in 1851,[16] at which several Indian carpets were exhibited, brought that country to the attention of dealers who were not show to realize the possibilities of increasing financial profit by shifting their source of production from Turkey and Persia to India; however, through their exploitation, they were to be instrumental in causing a deterioration of standards.

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15. E. Gams-Ruedin Thomas and Hudson, 'Indian Carpet', Published in West Germany, 1985, P. 18

16. Ibid, P. 19.

The production of the Indian oriental carpets goes back to nearly 400 years[17] and the product is famous for its acsthetic appeal with its colourful schemes and intricate designs. In volume India is, at present after Iran the second largest producer and exporter of hand-knotted carpets in the world. Except in legends there seems to be no historical evidence of the antiquity of Indian carpets. It was in the 16th century, so we came across the mentioning the pile carpet (Galich or Kaleen) in India starts when Moghul Emperor, Akbar, brought some Persian carpet weavers to India with the consent of Shah Abbas of Persia. During the late sixteenth and the early seventeenth centuries under the Moghuls, royal looms were established at Lahore and Agra under the supervision of persian weavers.

With the end of the Moghul Empire the traditional carpet industry of India sustained a severe set back. In this, the British Government found a convenient occupation for its prisoners so as to neutralise the expenses of maintaining the corrective system. Thus, till late nineteenth century, very little carpet industry was revived by foreign commercial firms, and not by the local patrons of art. The

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17. A.C. Chaudhari, "Indian Carpets Industries" vis-a-vis the World situation, Published in Textile trend in 1984, P. 43.

export of Indian carpets particularly to Europe and America had a tremendous impact on the entire carpet production machinery.

From 1850 onwards large english and later American owned factories started production of large quantities of carpets on a regular basis. The industry competed successfully with Persian and Central Asian carpets in the international markets. But inspite of all this, the industry lost its traditional elegace that was built up during the Moghul times.[18]

During the reign of designs of 'Kirman', decorated with floral patterns with many beautiful colours, 'Isfahan' with traditional long leaf and floral motifs. 'Kashan' with small leaf and floral motif and 'Herat' were largely produced.[19]

'Fremlin' with beasts of prey and various mythical fauna including 'deer' and birds inter-spread with trees and floral devices and 'Girdlers' with the designs of

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18. Ian Benneth, "Complete Illustrated Rugs and Carpets of the world", Published in New York, 1981, P. 127

19. Jyoti Kaila, "Carpet Industry in India" Published in Khadi Gramodhyog, 1977, P. 417.

Persian carpets are other finer items produced with 'Sehne' or 'Persian' knots and 'Turkish' or 'Ghiordes' knots during Shah Jehan's reign.[20]

The 'Sehne' or 'Persian' knot is woven on two adjacent threads of the warp after leaving the first thread free for the selvedge. But unlike the 'Turkish' knot only one of the warp threads is encircled by the strand of wool, the other being interlaced. The 'Turkish' or 'Ghiordes' knot is also tied around two adjacent threads of the wraps, both being encircled by the strand of wool with ends reappearing in between, 'Persian' knots can be carried out equally well from left to right as the other very around.[21]

Silk 'Ardebil' with geometrical 'double latch hooks, flowers and trees of life with tranguil designs free from disturbing images of animals and figures 'Bhukhara' with octagones of consistently rectilineal shapes and 'Harati' are the other design found in those early carpets.[22]

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20. Jyoti Kaila, "Carpet Industry in India", Published in Khadi Gramodhyog, 1977, P. 417.
21. Ibid, P. 418
22. Ibid, P. 419

CARPET-PRODUCING CENTRES IN INDIA

Jaipur, Amritsar and Srinagar are the other important woollen carpet manufacturing centres. The carpet manufactured at these centres are high quality. In fact, Srinagar produce the best quality carpet in India. It is, perhaps, due to the fact the wool produced in Jammu and Kashmir is very soft and long which is most suitable for weaving better quality of carpets. The table No. 1 shows the centres of other states/Union Territories where hand knotted woollen carpets are prepared.

TABLE No. 1

CARPET PRODUCING CENTRES IN INDIA

State/Union Territories	Main Producing centres
Uttar Pradesh	Bhadohi/Mirzapur belt, Varanasi, Jaunpur, Allahabad, Agra, and Shahjahanpur.
Jammu and Kashmir	Srinagar, Baramullah, Anantnag, Jammu & Leh
Rajasthan	Jaipur, Bikaner, Tonk, Barmer, and Alwar
Punjab	Amritsar
Haryana	Panipat
Bihar	Obra, Madhubani
Madhya Pradesh	Gwalior
Himachal Pradesh	Dharamshala, Dalhousie
West Bengal	Darjeeling
Maharashtra	Nagpur
Andhra Pradesh	Eluru, Warangal
Karnataka	Bangalore
Pondicherry	Pondicherry
Tamil Nadu	Madras, Wallajapet

Source: Carpet Export Promotion Council, New Delhi

At the beginning of this century, Amritsar was the most important Indian centre of carpet knotting, while Agra, along side its local production, was engaged essentially in distribution. In Uttar Pradesh, Mirzapur-Bhadohi concentrated on manufacturing cheap rugs from designs provided by European and American companies. It is superfluous to comment that the reputation of the Indian carpet suffered as a result of this overly commercial approach.

Rugs of a typically Indian style are still produced in the province of Maharashtra in the small town of Ellora, well known for its tourist attractions.

Mahabalipuram, aoother tourist centre lying to the south of Madras, is the oldest centre of the carpet industry in India. Four Persian families of carpet weavers settled there some time before 1550.[23] Their work excited such admiration that one Director of the East India Company wrote: 'The carpets woven in this town, in the Persian manner, are truely the most beautiful. In addition, the town is a thriving port which serves as a meeting point for Chinese, English, Dutch, Portuguese, French and Persians, all concerned with trade.'

Warangal in the Province of Andhra Pradesh is reputed for the beuaty of its temples, the quality of wool and for

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23. E. Gams-Ruedin Thomas & Hudson, "Indian Carpets" Published in West Germany, 1985, P. 17

some very fine carpets, the most famous of which, dating from the sixteenth century, is now in London. Others were exhibited at Jaipur in 1883.[24]

H.T. Harris mentioned other centres of the carpet industry in his 'Monograph on the carpet weaving industry of southern India (1908).'[25] Waljapet Bangalòre, Tanjore and Malabar.

Although Ahmedabad is frequently described as a carpet manufacturing town, by the beginning of this century only some small factories servived there.

The major centres still producing the knotted carpets that excite our untiring admiration, are Uttar Pradesh (Agra, Bhadohi), Madhya Pradesh (Gwalior) and Rajasthan (Jaipur).

The present day carpets production is entirely different from the pre-world war II periods. The patterns of the carpets have changed, although some of the old ones still persist. Now we have the broad range, from the delicate Indo-Persian to the abstract Scandinavian; from the sturdy control Asian to the reticent English Queen Anne and the quiet Aubusson; from the heavy Savonneries to the quaint chinese.

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24. E. Gams-Ruedin Thomas & Hudson, "Indian Carpet" Published in West Germany, 1985, P. 17

25. Ibid, P. 18

'Aubusson' and 'Savonnerie' are the French designs named for carpets with naturalistic designs. In India they are chiefly manufactured in Kashmir, Amritsar, Mirzapur and Bhadohi, Agra, Jaipur, Hyderabad, Warangal in the erstwhile dominion of the Nizam on the Malabar coast and in the Masulipatam. Velvet carpets are produced in Banaras and Murshidabad and silk carpets in Tanjore and Salem.

The valley of Kashmir, with its natural beauty and skilled craftsmen, has always specialised in a number of crafts. And one of the flourishing industries has been carpets. The designs of Kashmiri carpets are largely persian and central Asia such as 'Bokhara', 'Samarkand', 'Turkistan', the clear designs of vases, pomegranates and scroll work and 'Yarkand' having two predominent designs (i) Pomegranates design and (ii) Gul (flower design) and 'Turkonans' with repeated geometrical patterns.

Very soft, long and good quality wool is used here. The wool from Shopian is considered to be the best whereas that from Gurej is fine, soft and long. There are two clips annually, one in Autum (Tzhut) used for warp and the other in spring a longer one used for weft, 'Pasham' a rare variety is used for costlier carpets and obtained from the undercoast of the goats. In volume India is, at present after Iran, the second largest producer and experter of hand knotted carpets in the world. The main production centres are Bhadohi-Mirzapur belt, Jamnagar-Agra-Gwalior belt and Srinagar belt. Nearly 80 percent[26] of the production of all carpets in India are made in Bhadohi-Mirzapur belt.

STRUCTURE OF INDIAN HAND MADE CARPET INDUSTRY IN INDIA

The following table shows the structure of Indian hand made carpet industry in India:

TABLE NO. 2

SHOWING THE STRUCTURE OF THE INDIAN HAND MADE CARPET INDUSTRY

Centres	No.of weaver	%age	No.of Looms	%age
Mirzapur/Bhadohi	1,37,000	80.5	40,000	77.0
Jammu & Kashmir	10,000	3.9	3,500	6.7
Agra	8,000	4.7	2,500	4.8
Jaipur	4,600	2.7	1,600	3.3
Amritsar	2,000	1.2	600	1.2
Shahjahanpur	2,600	1.5	800	1.5
Gwalior	1,500	0.9	600	1.2
U.P. Hills	3,500	2.0	1,800	3.6
Warangal/Ellune	1,000	0.6	300	0.6
Total	1,70,000	100	52,000	100

Source: Textile Trend, 1984, P. 43.

26. Information gathered by Research Scholar from AICMA, Bhadohi.

The previous table No. 2 shows, that Mirzapur/Bhadohi carpet belt were the most producing centre. There were 1,37,000 weavers engaged 40,000 looms, its share about 80 percent out of total weavers. After this centre the Jammu & Kashmir took the second position in production of carpets in India, there were only 10,000 weavers engaged on 3,500 looms. 8000 weavers worked on 2500 looms in the district of Agra, its share 4.7 percent out of total.

Of these, in additional there were small pockets spread over different regions in the country manufacturing hand-made carpets, namadas, durries and druggests of all descriptions.

The pattern of production in Mirzapur/Bhadohi belt varies from that of Jammu & Kashmir. In the former, it is a dispersed cottage production. The weavers are provided with looms and other inputs, either directly or through the contractors (jobbers). Weaving at a centralised place is practised in Jammu and Kashmir. At Gwalior, it is similar to the pattern prevailing in Jammu & Kashmir. In these areas, centralised production under one roof is not only feasible but also referred. The strategy of production for export will have to be evolved taking into consideration the existing pattern and the problems. The number of looms currently engaged in the manufacture of hand knotted carpets in the different regions has been estimated as under:

TABLE NO. 3

SHOWING THE CURRENTLY NUMBER OF LOOMS ENGAGED IN DIFFERENT REGIONS TO MANUFACTURE OF HAND KNOTTED CARPETS

			% age
Mirzapur/Bhadohi belt	1,10,000	Looms	73.3
Jaipur	5,500	"	3.7
Jammu & Kashmir	10,000	"	6.7
Agra	8,000	"	5.3
Gwalior	6,000	"	4.0
Amritsar	6,000	"	4.0
Other regions	4,500	"	3.0
Total	1,50,000	Looms	100

Source: AICMA

The above table No. 3 indicates that as among the manufacturing centres, Bhadohi-Mirzapur carpet belt is by for the biggest manufacture in 1989-90. There are 1,10,000 looms engaged for the purpose of carpets manufacturing, its accounting for 73.3 percent of the whole loom, followed by the Jammu & Kashmir (6.7%), Agra (5.3%), Gwalior (4%) and Amritsar (4%), Jaipur (3.7%) respectively.

It is necessary that CEPC should promptly undertake ceneus work for carpet looms and weavers in Bhadohi/Mirzapur belt as well as in other centres. Since plans for increasing exports would depend on the installed capacity (in terms of looms, weavers, designers etc.).

The Indian hand made carpets are mostly made out of yarns spun on the woollen system of spinning. During the last few years, there has been significant introduction of semi-worsted yarn in the field of manufacture of hand made carpets. This is a step in the right direction and if accelerated, would ensure production of more and more India has registered a very slow growth throughout the years inspite of labour potential in our country.

C H A P T E R - II

GROWTH AND DEVELOPMENT OF CARPET INDUSTRIES IN BHADOHI

GROWTH AND DEVELOPMENT OF CARPET INDUSTRY IN BHADOHI

The tradition of carpet manufacturing in Mirzapur - Bhadohi belt is a atleast 400 years old. Abul Fazal in "Ain-i-Akbari" (1600 AD) mentioned about weaving of carpets in Allahabad and Jaunpur. The begining of the carpet industry in Mirzapur - Bhadohi Belt coincides with the period of Shah Abbas, the Great, of Persia. The origin of Industry is traced back to the early days of the Moghul period in India. The local legend related to the origin of carpet weaving in India that a Caravan was travelling on the Grand Trunk Road. Which was looted by decoits, and most of the people where killed. A persian weaver, of the Caravan, escaped with the help of some local villagers. The villagers gave him shelter and he settled down in the village, and in gratitude taught the villagers the craft of the carpet making. There is evidence in earlier publications on carpet weaving that carpet weavers celebrated the last Wednesday of the month after Moharram as the day of the original Persian carpet weavers. The practice is no longer in vogue. According to the tradition, the village where he settled was Ghosia and one of the earliest nearby villages which picked up the trade was village Madho Singh, where the carpet trade is practised to this day. In course of time, the carpet industry spread to the entire belt.

Though this area is one of the ancient seats of Hindu culture, yet the population is mixed. The area still has a large muslim population. It was amongst the Muslims that Carpet - weaving spread first. Soon the Hindus, Ahirs and Kewets - an agricultural class - also took to carpet weaving. The predominant Hindu castes, high and low are Bhotya, Ahir, Kewet and Julaha. There is a good understanding of among Hindu and Muslim entrepreneurs. (There are also a couple of old British firms working in the field.)

HISTORY OF CARPET WEAVING IN BHADOHI - MIRZAPUR CARPET BELT :

Bhadohi and its adjoining areas have no production or availability of various raw materials used in carpet making but these are the places where the carpet industry was founded and flourished. As a matter of fact, the man who has been blessed by the God with creative instincts, responses to the urge of his soul and creats a thing. The same spirit is consistant with this industry also. It is artisan who gives life and stability to an Art.

The history of carpet making in India goes back to Emperor Jahangir in whose regime carpet industry was set up. Emperor Jahangir was a contemporary of Shah Abbas of Iran. Both the kings were friends. It is a well known historical fact that during the regime of Shah Abbas, the carpet industry made a spectacular progress. He took special interest in developing attractive designs and some of them are popular even today[1].

Jahangir ruled over India in the 16th century AD and his capital was Akbarabad (Agra) where he encouraged carpet weaving. After 1857 AD, Agra, Delhi and other places were facing turmoil and subsequently a number of carpet weavers shifted from Agra to Madhosingh on the G.T. Road located between Bhadohi and Mirzapur and started carpet weaving on a very small scale[2].

Perhaps, it was during the late 19th century that one Mr. Brownford noticed them making carpets and realised its economic viability and decided to establish a company under the name and style of M/S E. Hill and Co. in the small village of Khamaria. It was followed by Mr. A. Tellery who got his factory established in Bhadohi. His eldest son Mr. Otto Tellery was one of the founder members of the All India Carpet Manufacturers Association and was the first President of the Organisation. Next to these two gentlemen, a group of three Europeans formed a company by the name of M/S Obeetee. The

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1. Ashfaq Ahmad Waziri, "A brief history of carpet weaving in Bhadohi/Mirzapur carpet belt", Kaleem - Silver Jubilee Special) published by AICMA, Bhadohi, 1986, p. 55.

2. Ibid, p. 56.

group comprised of Messrs Oklay, Bowden and Tallor the observation of these three names is Obeettee[3]. (Mr. Oklay is still alive and the writer heartly prays for his long life).

Next to these three factories formed by Britishers, Master Peer Mohammad was the first Indian who initiated the venture of carpet export from Bhadohi. It was followed by Mr. M.A. Samad who started export by the name of M/S M.A.Samad & Co. In the year 1925 the establishment of M/S Abbas Wazir firm came into existance. Subsequently Haji Azimullah appeared on the horizon. His firm M/S Mohammad Ibrahim Azimullah is still doing very good business. They were joined by another series of exporters like The Hindustan Carpet Co. owned by Mr. M.L.Gupta and brothers, M/S Bhadohi Carpet Company, established by Mr. Jairam Gupta, M/S Mobarak Ali Khan & Sons, and M/S Raheem & Sons. This list of early manufacturers and exporters has now swollen up to well over five hundred[4].

When Mr. A. Tellery decided to establish a factory in Bhadohi, he brought with him persons like Haji Mohammad Zahoor Khan and Munshi Abdul Ahad Khan from Mirzapur, Haji Mohammad Zahoor Khan whose grandsons are pioneer exporters, introduced

3. Ashfaq Ahmad Waziri, "A brief history of carpet weaving in Bhadohi/Mirzapur carpet belt", Kaleen - Silver Jubilee Special) published by AICMA, Bhadohi, 1986, p. 56.

4. Ibid, p. 57.

this handicrafts by demonstrating carpet weaving cities and countries of United Kingdom in the first decade of 20th century. Munshi Abdul Ahmad Khan was a distinguished designer. He presented the beautiful synthesis of Indo-Persian designs. Today his grandsons, viz Mr. Mohammad Mustafa Khan and Brothers are one of the leading manufacturers and exporters of Bhadohi. Their firm M/S A. Aziz Khan & Sons is well known to the carpet world[5].

After 1960 with the emergence of sudden diversification and expansion, the carpet industry has growth in export. In 1951 Mr. A.R. Ansari of M/S Abbas Wazir P. Ltd. was the first person who visited West Germany in search of a new market for Indian Carpets Project. Untill then the U.K. was the main importer. It was, however, in the year 1964 when Mr. Ansari was successful in securing export orders from West Germany for Barber type of Carpets which was being manufactured in Morraco. This reorientation brought by Mr. A.R. Ansari was further strengthened by Mr. Kantidal Unadcatt, who introduced persian quaaities and designs in Bhadohi, Mirzapur Carpet belt, opened new avenues and helped in boosting up export of Indian carpets[6].

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5. Ashfaq Ahmad Waziri, "A brief history of carpet weaving in Bhadohi - Mirzapur carpet belt" Kaleen (Silver Jubilee Special) published by AICMA, Bhadohi, 1986, p. 58.

6. Ibid, p. 58.

Earlier, carpets containing up to 30 knots per sq. inch were being manufactured but after the introduction of persian designs and qualities the industry is now capable of making carpets upto 250 knots per sq. Inch, which is a great achievement. The present trend is the indication of bright future for the industry. Unlike Persia where a specific pattern is made in a particular area, here in Bhadohi - Mirzapur carpet belt, any design, colour combinations and quality from Hamadan to Keshan etc. can be made in any quantity. This clearly depicts the capabilities of our weavers and craftsmen[7].

PRODUCTION OF CARPETS IN BHADOI :

Production of carpets in the Mirzapur - Bhadohi Belt accounts for nearly 95 to 96% of total production of Carpets in India[8]. The other important centres are Kashmir, Agra, Jaipur, Gwalior and Amritsar. These areas, particularly Kashmir, produce the finest quality of carpets. The average production in Kashmir is around 300 Knots per sq. inch but the production, however, is small. The Mirzapur - Bhadohi belt specialises in the lower, medium and low-fine qualities. Weaving capacity is substantial and production is commercial.

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7. Ashfaq Ahmad Waziri, "A brief history of carpet weaving in Bhadohi - Mirzapur carpet belt" Kaleen (Silver Jubilee Special) published by AICMA, Bhadohi, 1986. p. 58

8. Information gathered by research scholar from AICMA, Bhadohi.

The Mirzapur - Bhadohi Belt is by far the most important carpet area of India.

Mirzapur carpets got the attention the world through the great London Exhibition of 1851. At this exhibition Indian carpets were universally admired not only for their oriental patterns, fine weavers and rich colours, but also for the production of good quantity and of acceptable commercial qualities. Towards the later part of the 19th century and the early part of 20th century some British firms, like Tallery, E. Hill and Obeettee started commercial production in Bhadohi, Khamaria and Mirzapur[9].

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9. Census Report "On Carpet Looms and Weavers of Varanasi, Mirzapur, Jaunpur and Allahabad Districts of U.P." Published by AICMA, Bhadohi, 1974, p. 8.

Names of the Villages and Weavers : number of Looms in each village :

A statistical abstract of the District and Block-wise concentration of carpet weaving centres, looms and weavers name of District arising out of the present Census is given below :-

Table No. 1

Distt.	Blocks	No.of Villages	No.of looms	% to total	No.of weavers	% to total
1	2	3	4	5	6	7
VARANASI	1. Bhadohi	139	3870	23.00	8800	19.1
	2. Aurai	131	4940	29.4	14887	32.4
	3. Sewapuri	555	1034	6.2	2796	6.1
	4. Baragaon	33	543	3.2	1073	2.3
	5. Suriawan	115	1947	11.6	5351	11.6
	6. Gyanpur	121	3100	18.4	8542	18.6
	7. Deegh	65	1371	8.2	4522	9.9
	Total	659	16805	100.0	45971	100.0

Source : Census Report of carpet looms and weavers, AICMA, 1974, p. 13.

The Varanasi district has been divided into seven blocks, viz., Bhadohi, Aurai, Sewapuri, Baragaon, Suriawan, Gyanpur and Deegh. There were 45,971 weavers engaged on 16,805 hand-looms. The table No. 1 shows that Aurai block ranked first with 29.4 per cent (4940) in terms number of looms and 37.4 per cent (14887) as number of weavers, followed by Bhadohi with 23.0 per cent (3870) and 19.1 per cent (8800) respectively.

DISTRICT-WISE CARPET VILLAGES :

According to the results obtained, carpet looms exist 1312 villages in the Mirzapur - Bhadohi Belt. The District-wise carpet villages are :-

A.	Varanasi	:	659
	Mirzapur	:	301
	Jaunpur	:	270
	Allahabad	:	82
	Total	:	1312

B. Total number of looms was 26731

C. Total number of weavers was 73420.

(Source : Census Report, 1974; on carpet looms and Weavers of Varanasi, p. 13.

The total number of carpet looms and weavers has increased about 1,10,000 and 2,00,000 respectively in the Mirzapur - Bhadohi Belt[10]. Varanasi is by far the most important carpet district followed by Mirzapur, Jaunpur and Allahabad. Varanasi has 62.89% of the looms and 62.62% of the weavers. Mirzapur has 18.45% of the looms and 21.03% of the weavers. Jaunpur comprises 14.56% of the looms and 11.71% of the weavers. Allahabad has 4.10% of the looms and 4.64% of the weavers. Although the carpets are known as Mirzapur carpets, yet only Varanasi District has the biggest concentration of looms and weavers. The maximum concentration of weavers in this district is to the West of Sewapuri, which is about 25 kilometre from Bhadohi. In areas East of Sewapuri, carpet weaving is not practised. This is the area where Banarsi Sarees are woven. The maximum concentration of carpet weavers in Varanasi is in Aurai Block, followed closely by Bhadohi and Gyanpur[11].

EXPORT PERFORMANCE OF CARPET :

The Indian Hand-knotted Carpet Industry is essentially a cottage industry in an unorganised sector. This industry

10. Information gathered by research scholar from AICMA, Bhadohi.

11. Census Report, "On Carpet Looms and Weavers of Varanasi, Mirzapur, Jaunpur and Allahabad Districts of U.P.", Published by AICMA, Bhadohi, 1974, p. 14.

abounds in tradition and is rural based, highly labour intensive, export oriented, provides employment to about one million rural workers in their own homes or villages spread over nearly 40.000 sq. kilometers in the districts of Mirzapur, Varanasi, Allahabad and Jaunpur in Eastern Uttar Pradesh. The industry is also spread in Shahjahanpur and Agra in U.P., J & K, M.P., Bihar, Punjab, Gujarat, Andhra Pradesh and Tamil Nadu.

The following table shows the Export performance of carpets in India.

Table No. 2

The Export of Carpet during 1947-48 to 1987-88.

(Rs. in Crores)

Year	Export of Carpets	Year	Export of Carpets
1947-48	3.22	1955-56	3.97
1948-49	2.16	1956-57	4.10
1949-50	3.31	1957-58	4.10
1950-51	5.56	1958-59	4.60
1951-52	5.88	1959-60	5.02
1952-53	2.80	1960-61	4.88
1953-54	3.69	1961-62	4.42
1954-55	3.87	1962-63	4.49

1963-64	5.43	1976-77	66.41
1964-65	5.66	1977-78	81.96
1965-66	4.62	1978-79	99.37
1966-67	7.79	1979-80	135.38
1967-68	9.76	1980-81	157.66
1968-69	11.15	1981-82	156.69
1969-70	11.69	1982-83	163.86
1970-71	10.94	1983-84	147.69
1971-72	13.69	1984-85	157.18
1972-73	21.44	1985-86	161.48
1973-74	26.42	1986-87	146.30
1974-75	36.05	1987-88	156.70
1975-76	41.43		

Source :

1. Export figures for the years 1947-48 to 1974-75 Census Report 1974 (On carpet looms & weavers of Varanasi, Mirzapur, Jaunpur and Allahabad of Uttar Pradesh) published by AICMA, Bhadohi, U.P.

2. Export figures for the years 1975-76 to 1983-84 (Carpet-e-World by Dr. G. Nath Agrawal), 1986 vol. VIII, p. 175.

3. Export figures for the years 1984-85 to 1987-88 from Carpet Export Promotion Council, New Delhi.

It can be seen from the above table that there has been a substantial increase in the export performance of Indian carpets after India achieved independence. The exports have increased from a humble figure of Rs. 3.22 crores in 1947-48 to Rs. 156.70 crores in 1987-88. It is an impressive performance of the export of carpets. The performance has sharply improved after 1966 by the decision to devalue the Indian Rupee by 56.5%. The carpet industry, among others is one of the main beneficiaries of the devaluation decision of the Government of India.

However, the export figures declined during 1981-82, 1983-84 and 1986-87. It is mainly due to the fact that Indian carpet Industry is facing stiff competition from the Iranian, Pakistani and Chinese carpets since 1980-81. Carpet from these countries are sold at lower prices than Indian carpets. Now Iran is facing shortage of labour (due to Iran-Iraq war) and is gradually lagging behind in the world market. Thus, Pakistan and China are the main competition. In these countries exporters are provided more incentives than Indian exporters, so they are able to maintain competitive prices of their products. The cost of woolen, yarn, cotton yarn and dyes has gone up during the last few years which has enhanced the cost of production. This has adversely affected our competitive position in the world market.

About 95 percent of woollen carpet is exported to the foreign countries like Australia, Canada, France, Italy, Japan, Netherlands, Saudi Arabia, Switzerland, U.S.A., U.K.

U.S.S.R. and West Germany. The U.S.A. and West Germany are the biggest buyers of Indian Carpets. The export of hand made woollen carpet has gone up almost four fold during the last 10 years. It was worth Rs. 41.43 crores in 1975-76 which went upto Rs. 156.70 crores in 1987-88. The general trend of growth of woollen carpet, trade is thus on rising trend. However, the Indian hand-knotted woollen carpet is facing tough competition with Iranian, Chinese and Pakistani carpets in the world market due to its comparatively higher price.

At present the carpet industry is passing through a big crisis and the export has declined in 1985 from 180 crores to 125 crores[12] because of various reasons beyond the control of exporters.

The prices of Iranian Carpets have fallen down by 40%[13] which is one of the reasons for decline of our export. Moreover, the carpet industry, at present, is facing a tough competition from other countries like Pakistan, China, Afghanistan, Nepal, Romania, Egypt, Turkey, Moracco and many other countries which have recently entered into the carpet trade .

12. Badruddin Ansari, Liberal Policy Needed for Carpet Industry" Kaleen (Silver Jubilee, Special) Published by AICMA, Bhadohi, 1986, p. 129.

13. Ibid, p. 129.

Our export performance has not been very impressive irrespective of the fact that the government has taken various measures to boost the production of carpets and its export.

The following table (No. 3) shows export satistics in respect of hand made woollen carpets for the year 1978-79 to 1987-88. Canada, Netherlands, U.S.A., England and West Germany are the biggest buyers of Indian hand knotted woollen carpets. The above table indicates that the market for hand knotted woollen carpets has started showing improvement as a result of which it is expected the growth of the world import of hand-knotted woollen carpets in the coming years will increase. As among the importing countriés, West Germany is the biggest importer in 1987-88 accounting for 38.8 per cent of the total export of carpets from India. India's performance in the USA market has been encouraging, the share of carpet imports to the USA Market almost doubled from 19 per cent to 34 per cent during 1980-81 to 1987-88.

Netherland was the third important importer of carpets from Indian market in 1987-88. India's share in the Netherland imports of oriental carpets was only 4.6 per cent in 1987-88 However, she rapidly improved her share to 2.2 per cent in 1978-79 - nearly a double fold increase during 1978-79 to 1987-88.

TABLE NO. 3

STATEMENT SHOWING EXPORT STATISTICS OF HAND MADE WOOLLEN CARPET, RUGS, DRUGGETS, NAMDHAS INCLUDING SILK CARPETS

(Rs. in lakhs)

S. No.	Countries	1978-79	1979-80	1980-81	1981-82	1982-83	1983-84	1984-85	1985-86	1986-87	1987-88
1	2	3	4	5	6	7	8	9	10	11	12
1.	West Germany	4,908.25	6,546.72	7,219.56	6,738.38	6,411.62	8,076.42	8,883.03	6,340.14	4,717.38	8,258.64
2.	U.S.A.	2,380.59	2,856.92	3,136.43	3,798.37	3,873.18	4,705.16	7,014.14	8,505.22	5,930.15	7,230.58
3.	Netherland	220.17	295.68	472.93	781.21	671.35	609.15	854.84	706.39	353.02	973.52
4.	Canada	222.12	325.27	323.19	429.96	359.72	476.58	545.14	933.76	661.83	861.14
5.	Italy	72.51	63.72	122.04	448.22	504.27	560.74	678.27	341.37	280.23	668.58
6.	U.K.	480.42	710.96	680.73	1,021.35	630.67	751.67	1,081.79	802.01	429.39	462.80
7.	Switzerland	630.17	1,149.58	1,605.17	1,437.65	1,419.72	281.97	1,886.26	1,243.30	517.23	411.85
8.	France	134.15	280.05	215.23	516.56	599.21	412.78	486.51	461.70	276.13	242.37
9.	Australia	99.27	112.35	120.12	95.37	85.67	100.96	209.31	219.16	142.42	241.07
10.	Japan	29.27	31.86	44.82	45.18	56.29	66.05	248.65	101.44	44.70	28.24
11.	Saudi Arabia	45.90	50.27	42.39	83.73	60.92	53.37	106.93	40.03	92.19	20.13
12.	U.S.S.R.	3.15	2.93	1.52	1.92	1.05	1.23	46.25	14.90	11.18	13.73
13.	Others	962.37	1,371.49	1,973.27	2,618.23	2,658.81	2,813.37	1,571.69	1,414.43	1,173.98	1,863.95
	Total Woolen Carpets	10,188.34	13,799.80	15,957.40	18,016.13	17,332.48	18,707.53	23,612.81	19,167.86	14,629.83	21,276.60
	Skill Carpets	907.54	978.97	1,100.78	1,529.72	1,279.35	1,692.78	1,720.93	1,435.77	2,533.98	3,226.33
		11,095.88	14,778.77	17,058.18	19,545.85	18,611.83	20,400.31	25,333.74	20,603.63	17,163.81	24,502.93

Source: All India Handicrafts Board, New Delhi.

India's performance in the British market has been almost disastrous, the share of imports to U.K. has fallen precipitately from 5.6 per cent in 1981-82 to 2.2 per cent in 1987-88. It is significant to note that there is a great disparity between the imports of oriental carpets from India which shows that the UK buys mainly the cheapest varieties of Indian carpets.

Canada, Italy, Switzerland, France, Australia, Japan, Saudi Arabia and USSR are the other important markets for oriental carpets where India has been facing stiff competition. In almost all these markets, India's performance was rather disappointing during the period under study.

However, the export of hand-knotted woollen carpets from India is mainly to two major countries i.e. Federal Republic of Germany and United States of America. Both the countries account for more than 60% of the total exports from India and 40% is diverted towards other European countries.

And another table (No. 4) shows the share of New Markets in the total World Imports of Oriental Carpets.

Table No. 4

Share of New Markets in the Total World Imports of Oriental Carpets.

Value in US $ in Million

Country	1976	1980	1981	1982
France	34.8	101.3	85.6	69.9
Saudi Arabia	9.1	31.3	46.6	44.4
U.A.E.	NA	34.4	34.4	34.4
Australia	25.5	45.5	26.9	29.6
Japan	8.4	17.7	24.9	25.1
Spain	0.9	3.6	2.3	2.0
Total	79.1	233.8	220.7	205.4

Source : Carpet-e-World, Vol. XI 1989, p. 33.

A detailed analysis of new markets for hand-knotted woollen carpets indicates (table No. 4) that share of India in Markets like Australia, Spain, Kuwait, U.A.E., Saudi Arabia and Japan has not been significant and to that extent, these markets standless developed so far as Indian hand-knotted carpets are concerned. Some of these countries import certain quantity of oriental carpets from major carpet trading countries in West Europe and U.S.A.

The figures of total world imports during the last six years are as under in Table No. 5.

Table No. 5

Total World Imports during 1981 to 1986 :

Value in Dollars-000 omitted

Year	World Import's Carpet
1981	1492847
1982	1275424
1983	1191338
1984	1157994
1985	1058218
1986	1484030

Source : Carpet-e-World, Vol.XI, 1989, p. 109

The above table (No. 5) indicates that the world imports of Hand-knotted carpets has gone up to the highest till 1981, value in US Dollar 1492897 but in subsequent years, followed decline to a much lower level until 1985.

The market trend for hand-knotted woollen carpet has started showing some improvement. It is expected that the growth of world import of hand-knotted woollen carpets will continue increasing. It is hoped that by the year 1990-91, it will be around 2000 million U.S. Dollars[14], provided the present pace is maintained.

MAJOR MARKETS OF HAND MADE CARPETS :

(i) U.S.A.

The Carpet Market has vast potential to tap and the total imports of hand-knotted carpets increased from $ 154 million[15] in 1980 to $ 231.2 million 1987 (January to September 1987). The major suppliers of oriental rugs and carpets to American market are India, China, Iran, Pakistan, Turkey and Romania etc. While the market for oriental rugs and carpets was booming because of their traditional colours and designs which are experiencing popularity, the major market for rugs and carpets in the U.S. has marginally declined during the first nine months of 1987 in terms of square footage but increased by 18.4 per cent in terms of value. During the period January to September 1987, U.S. imports in terms of square feet totalled 31.5 million square feet down by 4.56 per cent compared to 33.0 million square feet during the same

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14. Pt. Gulab Dhar Mishra, "Action plan for boosting carpet exports to Rupees 750 crores by 1990-91", carbet-e-world, edited by Dr. G.N. Agrawal, published by Purvanchal Publication, Varanasi, Vol. XI, 1989, p. 109.

15. Ibid, p. 110.

period in 1986. However, in terms of Dollar value, it registered an increase to $ 231.2 million to January/September, 1987 up by 18.4% compared to $ 195.3 million in the corresponding period in 1986. In table No. 4 are the details of country-wise export to U.S.A.

Table No. 6

Share of Important Exporting Countries in the U.S.A. of Oriental Carpets.

(Cuantity in 1000 Sq.feet)
(Value in $ Million)

Importing Countries	1987 (January-September)		1986 (January-September)	
	Qty.	Value	Qty.	Value
1	2	3	4	5
India	9,976	53.2	11,281	51.9
Iran	6,864	63.2	4,626	36.0
China	7,624	53.8	7,536	48.2
Pakistan	3,758	37.9	4,679	27.1
Romania	856	5.6	1,252	7.7
Turkey	730	6.8	692	6.7
Nepal	137	1.2	48	0.4
Others	1,584	9.5	2,931	17.3
Total	31,529	231.2	33.045	195.3

Source : Carpet-e-World, Vol. XI, 1989. p. 110.

(ii) WEST GERMANY :

In the West Germany market, India has been facing a tough competition although this market alone accounted for more than 40 percent of India's exports in 1987-88. Iran, Pakistan and Morocco are the main competitors of India in this market.

Table No. 7

Source of Main Exporting Countries in West Germany of Oriental Carpet during the year 1986.

Name of the Exporting countries	Value in US $ million	% share
1	2	3
Iran	173.14	35.54
India	102.47	21.04
Morocco	39.30	8.07
Pakistan	44.67	9.17
China	31.04	6.37
Nepal	22.43	4.60
Afghanistan	20.02	4.11
Turkey	21.68	4.45
USSR	12.44	2.55
Others	19.92	4.10
Total	487.11	100.00

Source : Carpet-e-World, Vol. XI, 1989, p. 39.

The above table No. 7 exhibits that the percentage of share in value of different suppliers (countries) in the total purchases of oriental carpets in the market of West Germany during the year 1986 were different. Throughout the period under study, Iran continued to be the principal supplier of carpets to West Germany and its share, in terms of value was 35.54% of the total purchases of carpets by the German Market. India's share in the West Germany imports of oriental carpets was only 21.04% in 1986. However she has rapidly improved her share during last three to four years. The respective share of her main competitors, viz., Iran, Pakistan and Morocco was 35.54 per cent, 9.17 per cent and 8.07 per cent respectively in 1986. India has, therefore, great scope for pushing ahead her exports to West Germany especially in view of the fast declining share of Iran. She will have to further increase her competitiveness vis-a-vis Pakistan and Morocco.

(iii) UNITED KINGDOM :

India's performance in the British market has been almost disastrous. The following table (No. 8) shows that the share of imports to the U.K. has fallen precipitately from 6.89% in 1984-85, 4.96% in 1985-86, 2.93% in 1986-87 and 2.96% in 1987-88.

Table No. 8

Indian Export to United Kingdom of Oriental Carpets :

Value in Rs. crores

Year	Total Export of carpet	India Export to U.K.	%age
1984-85	157.18	10.82	6.88
1985-86	161.48	8.02	4.96
1986-87	146.30	4.29	2.93
1987-88	156.39	4.63	2.96

Source : Information compiled by research scholar from CEPC Office, New Delhi.

It is clear that every year the export figure has declined, because the number of main competitors has increased in the international market. Pakistan, China, Rumania and the USSR on the other hand have improved their share in varying degree. It is significant to note that there is a great disparity between the imports in value and quantity terms from India which shows that the U.K. buys mainly the cheapest varieties of Indian carpets.

(iv) NETHERLANDS :

The volume of Dutch imports during 1986 stood at DF 185 billion, and total Dutch exports during 1986 were DF 197 billion as compared to imports of 215 billion and exports of 225 billion during 1985. The EEC countries are the main trading partners of the Netherlands and account for around 70% of its exports and around 55% of imports (1985). West Germany is the most important trading partner and accounts for around 30% of its export and 22% of the imports[16].

(v) SWITZERLAND :

Switzerland is the world's largest importer as well as high quality concious market. Value-wise Switzerland is importing the highest unit value. Quantity wise India is the largest supplier of hand-knotted woollen carpets to Switzerland. But Iran supplies the high quality carpets to Switzerland and it has increased its export from 22.46% in 1984 to 30.86 in 1986[17].

Switzerland has world's highest per capita sales for oriental carpets. Practically all classes of the population own genuine hand-knotted carpets. Zurich is the world's second major centre for woollen carpets after Hamburg.

(vi) ITALY :

Italy is not only famous for fashion, design and Cinema but also for creating increadible works of art and

16. Pt. Gulab Dhar Mishra, "Action plan for boosting carpet exports to Rupees 750 crores by 1990-91", carpet-e-World, edited by Dr. G.N.Agrawal, published by Purvanchal publication, Varanasi, Vol. XI, 1989, p. 114.

17. Ibid, p. 114.

saints. The Italians, inheritors of the beauty that surrounds them in such profusion, have respect, for technical competence which comes to them from a long back-ground in which craftsmen were artists themselves.

(vii) SAUDI ARABIA, KUWAIT ETC. :

Saudi Arabia occupies 80% of the Arabian peninsula. They pay considerable attention to the preference of Saudia in colours, tests etc. Saudi will continue to be good market for hand-knotted quality carpets owing to its importance as a religious centre.

EXPORT CHANNEL :

As has already been stated, woollen carpet manufacturing is a village based industry. It is manufactured in the villages by the weavers who work on daily wages while washing, drying, clipping, brushing, embossing and finishing are done in the workshop of the manufacturers. After finishing, it is packed with polythene paper and warpped with hessian cloth before export.

There are two channels involved in export process, 1-producer-buyer, 2- producer-export agencies buyers. The former is most common channel of export and bulk of the output is exported through this channel. Under later channel Uttar Pradesh Export Corporation (UPEC), Handicrafts and Handlooms

Exports Corporation of India Ltd. and All India Handloom Fabrics Marketing Cooperative Societies Ltd. Bhadohi, are working as link between the producers and buyers. Besides these, banks, insurance company, customs houses, Office of the Dy. Chief Controller Import and Export, Varanasi etc. are also engaged directly or indirectly in the export process. Carpet is sent mostly to importers by air from New Delhi. However, in some cases it is sent by ship from Bombay.

The exporters get incentive against the export on the recommendation of the Office of the Dy. Chief Controller Import and Export, Ministry of Commerce, Govt. of India, Varanasi. The carpets to be exported are sent to Delhi by trucks from where they are air lifted to foreign countries. Recently Air Cargo Complex has been established at Babatpur (Varanasi) after the persistent demand of the exporters. But the services available at this complex are very low because the Air Cargo Authorities wait for the full load of the plane. This causes delay in sending goods to the buyers. The goods are first either air lifted or transported in the trucks to Delhi from where it is sent to destination by air, after getting customs clearance. Thegoods are insured against fine and damage. During survey exporters pointed out that sending goods to Babatpur airport and then to Delhi by air is costlier than sending directly by trucks from Bhadohi to Delhi. Arrangement should also be made for air lifting the carpets directly from Babatpur airport to its destination instead of sending it to Delhi and then to buyers' country.

Today, the industry is poised for a major advance "More hand-made druggets are imported from India than from any other country, except Iran. It should be noted that India has supplanted China, Turkey, Asia and Central Asia in the field". (Charless W. Jacobson - Oriental Carpets - A complete Guide, p. 73). The position today is that India is a major exporter of carpets to the world markets, next only to Iran, and for the last three of four years to Pakistan. Pakistan has, of late, become a major challenger in the international markets. Although the versatility of the Pakistani weavers is confined only to Agra and lower Kashmir qualities, Pakistan has had an impressive performance, mainly because of its heavy export incentive schemes in the past, and due to the massive de-valuation of Pakistani Rupee recently. The Pakistani Rupee is less in value than the Indian Rupee, and this has given Pakistani carpet a strong competitive edge. This problem is a major problem of the Indian carpet industry at the moment. The Government of India has realised the seriousness of this problem, and has evolved a suitable incentive policy to increase to Indian carpet competitive edge. If this policy can remain stable over a period of years, Indian carpet Industry can look forward to a very bright future.

CHAPTER - III

ROLE OF THE GOVERNMENT ORGANISATIONS AND COMMERCIAL BANKS IN THE DEVELOPMENT OF THE WOOLLEN CARPET INDUSTRY

ROLE OF THE GOVERNMENT ORGANISATION AND COMMERCIAL BANKS IN THE DEVELOPMENT OF THE WOOLLEN CARPET INDUSTRY.

Since woollen carpet making is an export oriented and labour intensive industry which can be operated even in the houses by rural folk without much investment in the form of fixed capital, the government is, therefore, laying great emphasis for the expansion and promotion of this industry. Various agencies are directly or indirectly engaged in different fields of developmental activities like financing, training, exporting of the products and supply of raw material. Some of the agencies assisting in its development are discussed as under :

CARPET EXPORT PROMOTION COUNCIL (CEPC) :

The Carpet Export Promotion Council was set up in 1982 under Ministry of Commerce, Government of India, New Delhi, as an apex body for the promotion of hand-knotted woollen carpet industry. Presently 2,100 carpet manufacturers/exporters are registered with this organisation, of which 900 are from Uttar Pradesh alone, including 750 from Varanasi district[1].

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1. Information compiled by Research Scholar from CEPC Office, Bhadohi.

The CEPC helps both buyers and sellers. It assists the overseas buyers in locating suppliers, providing credibility report, introducing buyers to suppliers, settling trade disputes and providing statistical data on the industry. In addition to this, the CEPC also invites buyers and maintains close rapport between importers and exporters and assists the exporters by exploring markets, conducting market survey and providing market intelligence. By participating in exhibition and trade fairs, sponsoring trade delegation to foreign countries and also by resolving trade disputes between importers and exporters. This organisation has proved to be of immense value. The CEPC also provides trade information to the government and formulates import/export policy in respect of woollen carpet industry.

ALL INDIA CARPET MANUFACTURER'S ASSOCIATION (AICMA) SERVICES CARPET INDUSTRY OF INDIA :

It was in the year 1947 that few stalwarts of the carpet industry in Bhadohi/Mirzapur belt like Mr. G.W. Wallis, Mr. O.L. Tellery, Mr. M.A. Samad, Mr. W.J. Oakley, Mr. A. Rauf and Mr. H.W. Genoulhet felt the need of formating common platform before the Government collectively. Put forward the problems of the industry and for this a body named 'Northern India Carpet Manufacturer's Association' was formed with Mr. O.L. Tellery as President and Mr. M.A. Samad as Vice-President.

Mr. H.W. Genoulhet as Hony. Secretary and Mr. A. Rauf Ansari as Hony. Treasurer[2].

The Northern India Carpet Manufacturers' Association with its office in Mirzapur worked upto 1960, when personalities like Mr. Tellery, Mr. Samad, Mr. R.K. Sehgal, Mr. A.R. Ansari, Mr. U.N. Pathak, Sri P.C. Majeed Khan and Sri Kanahiya Lal Gupta, felt that the opportune time had come to enlarge the scope of the working of the Association and expanded its activities to all India. The key persons decided to pursuade others in the trade to come under one common roof to work unitedly for batterment and promotion of this most important cottage industry of the country so that more employment potential could be created and exports could be boosted. They also decided to change the name of the Association to ' All India Carpet Manufacturer's Association' with head quarter at Bhadohi, the main centre of production and Mr. O.L. Tellery was elected unanimously the first President of this august body on all India basis. The Association was registered under Societies Act with the U.P. Government in 1960 through the Registrar of Societies, U.P. Lucknow and since then it has been working on all India basis and serving the industry to the best of its resources. Its membership is not limited to this carpet belt, exporters

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2. K.S. Srivastava "AICMA'S Services to Carpet Industry of India" Kaleen, Silver Jubilee Special Published by AICMA, Bhadohi, 1986, p. 137.

from Bombay, Calcutta, New Delhi, Banglore, Bihar, Punjab and Amritsar etc. also joined this forum. It is the largest representative Body of carpet Industry having all India character. Every year office bearers are elected unanimously and the manging body manages the affairs in a team spirit[3].

In the year 1976, the Association arranged a Display cum Exhibition of carpets being produced in this region. Late Smt. Indira Gandhi, then the Prime Minister of India inaugurated the exhibition at Bhadohi. The exhibition had many fold impact on the industry. Firstly, the importance of this industry was realised by the Central Government and ever since the industry has been receiving due attention and importance specially because of the fact that this industry is the highest wage paying industry. 60% of the cost of production is constituted by labour charges in various phases, wages of the labour were revised and as a result production increased substantially[4].

Therefore, All India Carpet Manufacturer's Association was established in the year 1960-61 and in the first year of its establishment, there were 70 members of the Association. The present strength of members is 326[5]. This Association represents Carpet Manufacturers and exporters of following regions.

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3. K.N. Srivastava, AICMA'S Services to Carpet Industry of India" Kaleen Silver Jubilee Special published by AICMA, Published by AICMA, Bhadohi, 1986, p. 137.

4. Ibid, p. 139.

5. Information gathered by Research Scholar from AICMA, Bhadohi.

1.	Uttar Pradesh	: Bhadohi, Khamaria, Gopiganj, Aurai, Mirzapur, Allahabad, Agra, Lucknow, Jungiganj, Maharajganj, Unjh, Passipur, Thathara, Gyanpur, Varanasi, Kanpur, Rampur.
2.	New Delhi	
3.	Rajasthan	: Bikaner, Bhilwara, Jaipur
4.	Madhiya Pradesh	: Jabalpur, Nagpur
5.	Maharashtra	: Bombay
6.	Hariyana	: Panipat
7.	West Bengal	: Calcutta
8.	Karnataka	: Bangalore
9.	Punjab	: Amritsar

(Source : Circular published by AICMA, Bhadohi).

OBJECTIVES :

The objectives for which the Association is established are :

i) To work for the protection of and to generally further the interests of Hand-made Woollen Carpet Industry and improve its art to attract foreign customers;

ii) To promote Co-operation and harmonious relationship between Members of the Association and other people related the industry in all matters affecting the industry in general;

iii) To represent to the Union and State Governments and local authorities the views of the Association in respect of any measures proposed or enacted, in any way affecting the working of or the interests of the industry so that its efficiency may improve;

iv) To unceasingly endeavour to achieve and maintain the highest possible standards of workmanship at all stages of manufacturing;

v) To cooperate with and/or become a member of any other Association or Associations or body or bodies whose objectives are similar, wholly or in part, to those of this Association;

vi) To do all such lawful actions incidental or conductive to the attainment of all or any of the foreign objectives.

The main function of the Association during all the period has been to bring to the notice of the Central and State Governments various bottlenecks experienced by the trade and suggesting means and measures to overcome them. It has also been placing before the concerned departments of union & State Governments its view points for acclerating exports, compiling export statistics, keeping the trade informed of the up-to-date rules and regulations governing this largest cottage industry, amendments in the Foreign Exchange Regulations, Import and export Rules, grant of Import Licences and cash compensatory support and drawbacks etc. from time to time. It has also been educating its members on the technical aspects like registration, filing of Import Licence and C.C.S.Application etc. and allied subjects.

OFFICE OF THE DEVELOPMENT COMMISSIONER (HANDICRAFTS) :

The Office of the Development Commissioner (handicrafts), Ministry of Commerce, Government of India, is directly involved in the promotion of hand made woollen carpet industry by imparting training to the prospective weavers and spreading carpet industry by creating new carpet belts. Initially the training work was taken up by this office in 1969 with only two training centres in Bhadohi but this number rapidly rose to 218 in 1980. However, it reduced to 190 in 1984-85. Due to budgetory problems[6], administrative control and better supervision, Uttar Pradesh is divided into 6 service centres namely Varanasi, Bhadohi, Allahabad, Faizabad, Lucknow and Bareilly under the overall charge of Office of the Development Commissioner (Handicrafts) Field Administrative Cell Mall Road, Varanasi.

6. Census of India, "Handicraft Survey Report, Specially for Bhadohi Woolen Carpet Industry", series 22, Part-XD published in 1988 p. 4.

There is Assistant Director and other supporting staff at each centre falling within the jurisdiction of respective service centre. Like Uttar Pradesh this office is imparting training in carpet weaving in other states also. The staff members at each centre consist of one carpet training officer, one store-keeper-cum-accounts clerk and one chowkidar. Besides these regular staff, there is provision of two master craftsmen and two assistant craftsmen[7].

There are two types of carpet weaving training schemes- massive and advance. For massive training, youths in the age-group of 16-22 are selected by a Selection Committee. For undergoing training in later scheme one is to be trained initially under massive training scheme. The candidates of SC and ST are given preference in selection. Fifty trainees for massive training and 25 for advance training are selected at each centre. The duration of training is one year. During the course of training trainees are paid monthly stipend of Rs. 100/- for massive training and Rs. 200/- for advance course[8]. These training centres not only impart training but also supply necessary raw material during the training period. The trainees spend nothing from their own pocket on training. Details are

7. Census of India, "Handicraft Survey Report Specially for Bhadohi Woollen Carpet Industry, Part-XD, Series-22, published in 1988, p. 4.

8. Ibid, p. 4.

expenditure on stipend, wages to cfaftsman and raw material on the following table :

Table No. 1

Showing the Expenditure on Stipend, Wages to Craftsman and raw material for 1985-86, 1986-87 and 1987-88.

(Rs. in lack)

Item	1985-86		1986-87		1987-88 (Provisional)	
	Plan	Non-plan	Plan	Non-plan	Plan	Non-plan
Stipend to trainees	58.00	12.50	40.00	23.20	38.00	23.20
Wages to Craftsman	44.00	7.75	35.00	15.00	32.00	15.00
Raw material	28.32	20.40	9.91	17.80	25.00	18.50

Source : Census of India, Series, Part XD, published in 1988, p. 5.

Note : The expenditure of establishment, salaries of other staff of office etc. are not included in the above table.

The above Table (No. 1) presents the expenditure incurred on stipend, wage to craftsmen and amount spent for the purchase of raw material for the year 1985-86 to 1987-88.

Out of 190 centres in Uttar Pradesh 116 are for massive training, 69 for advance, 5 are imparting training in washing and finishing of woollen carpets. These 5 centres have been opened recently on the demand of aspirants. During 1985 the number of trainees under the massive training scheme was 4456 which came down to 3615 in 1986 and 3469 in 1987. So far as number of trainees under advance and washing and finishing is concerned, there was marked improvement in 1987 as compared to 1986. In fact, the number of advance trainees went up from 16 to 1321 and that of washing and finishing increased from 19 to 92 during the same period[9].

UTTAR PRADESH FINANCIAL CORPORATION (UPFC) :

UPFC is also engaged in the development of the woollen carpet industry in the state since 1975 by providing financial assistance to the industry. It provides loan mainly for the purchase of fixed assests viz. land, building for godown and office, workshed, plant and machinery.

(i) LOANS FOR INSTALLATION OF DYEING PLANT :

UPFC has given loans to 6 carpet manufacturers/institutions for the installation of dyeing plants. Details can be studied for the Table No. 2.

Table No. 2

Showing the loans for Intallation of Dyeing Plant.

Name of Manufacturers/Institution	Amount of loan(in Rs. lakhs)
1. Mirzapur, Dyers, Mirzapur	13.00
2. Shiva Dying, Mirzapur	4.00
3. Laxmi Carpets, Bhadohi	10.00
4. Shesh and Sons Export, Goplanganj	10.00

9. Census of India, "Handicraft Survey Report specially for Bhadohi Woollen Carpet Industry", Series-22, Part-XD, 1988, p.6.

5. Varanasi Mandal Development Coporation	30.00
6. Srivastava Washing and Dyeing Plant, Aurai	4.00

(Source : Census of India, 1988, Series 22, Part XD, p. 8)

(ii) LOANS FOR THE INSTALLATION OF FINISHING PLANT :

Four carpet manufacturing firms have received loans for the installation of carpet finishing plant. Details are given below :

Table No. 3

The loans provided for carpet manufacturing firm for the installation of plant.

Name of manufacturing firm	Amount of loan (in Rs. lakhs)
1. Bharat Carpet, Aurai	3.00
2. Sheikh Carpets, Bhadohi	3.15
3. Kumar, Brothers, Gopalganj	0.68
4. International Export	0.38

Source : Census of India, 1988, Part XD, series 22, p. 8).

(iii) LOANS ADVANCED FOR INSTALLATION OF LOOMS AND PURCHASE OF RAW MATERIAL :

About 100 weavers from the districts of Varanasi and Mirzapur have benefited under this scheme during the period

1981-86. They have got loan ranging from Rs. 10,000 to 20,000 at a rate of interest ranging between 12½ to 13½ per cent per annum[10].

Uttar Pradesh Financial Corporation (UPFC) has given loan worth Rs. 60 lakhs to the woollen spinning mill, Bhadohi[11]. Thefactory was set up in 1975 for the production of spinning woollen yarn for use in carpet industry.

UTTAR PRADESH EXPORT CORPORATION (UPEC) :

The Uttar Pradesh Export Corporation has directly been involved in the export of handicrafts objects including woollen carpets to foreign buyers. It has exported woollen hand knotted carpets of worth Rs. 20.51 Lakhs in 1984-85, Rs. 19.33 lakhs in 1985-86 and Rs. 23.58 lakhs in 1986-87 to countries like U.S.A., Australia, U.S.S.R. and other European and Middle East countries. It has head quarters at Kanpur and branches at different places of India such as Saharanpur, Bhadohi, New Delhi, Bombay, Lucknow, Agra, Allahabad, Bhopal, Nagpur, Bangalore, Hyderabad and Calcutta for external and internal marketing.[12]

HANDICRAFTS AND HANDLOOMS EXPORT CORPORATION INDIA LTD.(HHEC):

Handicrafts and Handlooms Export Corporation of India Ltd. is also engaged in export activities of handicrafts items

10. Census of India, "Handicraft Survey Report, specially for Bhadohi Woollen Carpet Industry", series-22, Part-XD,1988,p.8.

11. Ibid, p. 8.

12. Ibid, p. 71.

mainly hand-knotted woollen carpets, handlooms, fabrics, readymade garments and golden jewellary. Besides exports of these items it is also engaged in exploring new markets through its branches located abroad by organising exhibitions. It has branches in New York (USA), Paris (France) and Humberg (West Germany). HHEC organises a big exhibition of Indian oriental carpets in Humberg every year in the month of January. It has a large wherehouse in Humberg for carpets. It maintains procurement and inspection offices in Bhadohi, Mirzapur and Kashmir carpet belts[13].

HHEC'S CONTRIBUTION IN CARPET EXPORTS :

The H.H.E.C. is a public sector organisation which has been assigned the role of promoting export for the expansion and diversification of Handicrafts and Handlooms products. As these product are mostly manufactured by the weaker section of the society in small bulk, the HHEC has to mobilise the products and sell them in the foreign markets which the small manufactures are unable to do so both economically and efficiently due to their limited resources and lack of sufficient technical knowledge.

Briefly started, the role of HHEC has two dimensions, Trading and Export Promotion. To what extent has this premier export house succeeded in playing this role can be judged from

13. Information compiled by Research Scholar from HHEC, New Delhi.

the analysis of Export data. Statistics relating to the foreign trade have been collected from the following organisations.

1. Handicrafts and Handlooms Export Corporation of India Ltd., New Delhi.
2. All India Handicrafts Board, Ministry of Industry, New Delhi.
3. Indian Institute of Foreign Trade, New Delhi.

ROLE OF H.H.E.C. IN EXPORT TRADE :

Here, the researcher would make an attempt to analyse data relating to total exports of Handicrafts and the Exports of Woollen Carpets with a view to determining the volume of Exports and the trends emerging out of them. This has been done for a period of five years, i.e. 1983-84 to 1987-88 for which detailed information was available.

1. Export of Carpet in the Context of Total Handicrafts Export from India.

Table No. 4

Showing the percentage share of carpet export to total handicrafts exports.

Year	Exports of Handicrafts from India (Rs.in crores)	Export of carpets from India(Rs. in crores)	%age of column (3) to (2)
1983-84	377.72	147.69	39.1
1984-85	400.96	157.18	39.2
1985-86	413.00	161.48	39.1
1986-87	356.83	146.30	41.0
1987-88	391.75	156.70	40.0

The study of above table (No. 4) shows that during the last five years the export of carpets in total export of Handicrafts has remained at above 40 per cent. Briefly stated about 2/5 of our Handicrafts export is of woollen carpets, rugs and druggets etc. This shows the relative importance of this item on the Handicrafts exports list.

Table No. 5

The Index Number of Export of Handicrafts and Exports of Carpets.

Year	Exp. of Handicrafts from India (Rs.in crores)	Index	Exp. of Carpets from India (Rs.in crores)	Index	Difference Col. 5-3
1983-84	377.72	100.00	147.69	100.00	-
1984-85	400.96	106.15	157.18	106.42+	.27
1985-86	413.00	109.34	161.48	109.34	-
1986-87	356.83	94.46	146.30	99.05+	4.59
1987-88	391.75	103.71	156.70	106.10+	2.39

The analysis of the above table (No. 5) unmistakably points out that Exports of both the Handicrafts as a whole and carpets are showing an upward trend except 1986-87, though export of carpets has stopped forward. This is evident from the fact that the export of carpets has been gaining more and more importance in the Indian Economy.

2. TOTAL EXPORT OF CARPETS FROM INDIA AND THE CONTRIBUTION OF H.H.E.C. :

After having analysed the total export position of Handicrafts as a whole and the export of carpets in particular in India, let us now study the contribution of H.H.E.C. in regard there to.

Table No. 6

Showing Share of H.H.E.C.'S Carpet Export in the Total Export of Carpets in India.

Year	Total Exp.of Carpets from India	Export of Carpets Through HHEC	%age share of column 3 to 2
			(Rs.in crores)
1983-84	147.69	13.29	9.00
1984-85	157.18	25.15	16.00
1985-86	161.48	21.64	13.40
1986-87	146.30	16.82	11.5
1987-88	156.70	15.83	10.1

The above table (No. 6) reveals that during the period under review the H.H.E.C.'S share in the total carpet exports is found to be varying between 9% to 16%. This is evident from the fact that at least 10% of the carpet exports are being handled by this public sector under taking. But it is further to be noted that during the last three years the share has received a set back. This needs to be examined how this share can be further stepped up. Even then the position that stands today is that HHEC has maintained its position of being the single largest Exporter of Hand-knotted woollen carpets from India for which it has received Trophies from Wool and Woollen Export promotion council.

Table No. 7

Showing the Index Numbers of Export of Carpets from India and Export of Carpets through HHEC

(Rs. in crores)

Year	Total Exports of carpets from India	Index	Export of carpets through HHEC	Index	Difference column 5 to 3
1	2	3	4	5	6
1983-84	147.69	100.00	13.29	100.00	-
1984-85	157-18	106.42	25.15	189.24	82.82
1985-86	161.48	109.34	21.64	163.20	53.86
1986-87	146.30	99.05	16.82	126.56	27.51
1987-88	156.70	106.10	15.83	119.11	13.01

The index numbers of exports of carpets from India and those by HHEC show that there has been a greater increase in year 1984-85 as compared to the former year. This implies that on the whole performance of the H.H.E.C. has been commendable but it is also to be noted at the same time that the rate of increase has not maintained the same price from the year to year. In the 1986-87 and 1987-88 the exports done by the H.H.E.C. have actually declined as compared to the previous year and this obstructs the slow growth we witness between 1983-84 and 1987-88. But inspite of that the last column (6) of the total clearly shows that in all the years the Index of H.H.E.C. Export exceeded the corresponding Index for the total export of carpets in India. This fact certainly goes in favour of this important public sector corporation.

FINANCE AND CREDIT FACILITIES :

The carpet industry is fully dependent on high capital investment commensurate with the annual production capacity of exporters and his exports. Besides the investments on building and premises, dyeing machinery and other fixtures and equipments, heavy capital is required for purchasing raw materials, packing materials and payment of labour charges. In the carpet industry, since so many processes of manufacturing are involved in stages, the money remains blocked for a very long period i.e. at least six months.

The names of the important banks in the carpet manufacturing areas of Bhadohi and Mirzapur which finance the manufacturing-cum-exporting firms are as under :

1. The State Bank of India
2. The United Commercial Bank
3. The Union Bank of India
4. The Allahabad Bank
5. The Bank of India
6. The Punjab National Bank
7. The Banaras State Bank.

VITAL FACILITIES PROVIDED BY UNION BANK OF INDIA TO THE BANARAS DISTRICT :

The Carpet industry in Varanasi and its adjoining area viz. Bhadohi, Khamaria Ghosia, Madho Singh, Gopiganj, Jangiganj & Mirzapur District is struggling a lot to keep up its head high in the world markets. It faces lot of problems, from a bad raw-material, management to a very poor publicity and lack of things that help forward the industry. Its competitors on the other hand, have already gone for most modern techniques to produce quality carpets and got their weavers well equipped by imparting them desired technical training. There is no doubt that the Indian carpet industry needs a renewed thrust to cope up with the pressure of international competition.

The major areas which need immediate attention in this regard are the following :

i. Raw material management
ii. Management of product quality
iii. Availability of Technical Training
iv. Publicity and other promotional activities.

Knowing the potentialities of Indian carpets abroad and the need of invigorating the industry, the Union Bank of India, a pioneer financial institution of India has already come out with lot of programmes and schemes which include liberal financial assistance to genuine and progressive exporters of Varanasi-Mirzapur carpet belt through five of its branches viz : Bhadohi, Aurai, Gyanpur, Varanasi Cantt, and Mirzapur. With enough financial support extended by the bank to meet the escalating price rise of raw materials and the increase in the labour cost, the industry has started showing good turnovers. The present annual export turnover of the bank at the above noted branches is as follows :

Bhadohi	Rs. 3012.31	lakhs
Aurai	Rs. 1251.80	"
Varanasi Cantt.	Rs. 87.05	"
Gyanpur	Rs. 70.77	"
Mirzapur	Rs. 38.59	"
Total	Rs. 4460.52	lakhs

(Source : Carpet-e-world, Vol. XI, year 1989, p. 136).

Apart from providing financial assistance the bank frequently organises seminars to impart modern managerial skills to upcoming exporters and discuss various issues faced by them.

Many matters were throughly discussed and solutions found. One of the most encouraging out comes of the seminar was the spot sanctioning of need based enhanced credit limits to the deserving exporters by competent authorities of the bank viz; Branch Manager, Regional Manager, Assistant General Manager and the Executive Director as per bank's norms and procedures.

Apart from the spot sanction of enhanced financial assistance, it was decided in the seminar to extend the following facilities to the exports enjoying credit facilities from the bank :-

a. Export reserve shall be considered as capital lot the purpose of study/analysis on balance sheet.

b. Advances to weavers shall be considered as a part of working capital and packing credit limits will be considered accordingly.

c. Direct advances to weavers will be made on selective/ experimental basis against group guarantees by weavers.

d. For packing, credit availability only one stamped document will be required to be executed by the exporter.

e. Suppliers manufacturers producing goods exclusively for export purposes, will be granted assistance at concessional rate at per with exporters subject to necessary documentary evidence.

f. No interest will be charged on advances against duty draw back cheques. However, postage and out of pocket expenses will be recovered as usual.

During the seminar it was also decided to make available Telex facilities at Aurai and Bhadohi branches to speed up transactions with the banks 'A' class branch(Samachar Marg,Branch in Bombay[14].

STATE BANK OF INDIA HAS ALWAYS GIVEN SPECIAL ATTENTION TO EXPORT PROMOTION :

Government of India has accorded high priority to export promotion. The Import-Export Policy 1988-91 enunciated by the Government employee testifies to this. It is a remarkable achievement and credit must go to exporters also that the export target for the year 1987-88 was exceeded in the first 11 months. In addition to this, the country is expected

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14. M.U. Kini, "Union Bank of India is whole-heartedly devoted to enhance the carpet export from India, "published in carpet-e-world, edited by Dr. G.N. Agrawal, publishing by Purvanchal Publication, Vol. XI, 1989, p. 137.

to keep its balance of trade deficit below Rs. 7,000 crores mark. The need of the hour is to keep up the tempo. A target of 20% growth over 1987-88 level in exports has been projected for the current financial year and all concerned agencies are required to make concerted efforts to achieve the target[15].

Varanasi and surrounding areas are engaged in export of items which are mainly handicrafts. This area has old and excellent tradition in exports, going back to pre-independence days. The most important item of export from this centre is hand-knotted woollencarpets for which it has earned a name in the international market.

In fact, Varanasi occupies the pride place among the items exported from different centres in the state. The other items of export are silk products, pieces made of ivory, wood and bead etc. Though the value of export from the area is not exactly ascertainable, it is stated to be above Rs. 250 crores. Handicrafts is one of the 14 thrust areas identified by the Government for the export[16]. It has a high growth potential and

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15. B. Rai, "State Bank ofhas always given special attention to carpet promotion. It handles almost one third of the total exports from Varanasi and surrounding areas" in carpet-e-world edited by Dr. G.N. Agrawal, published by Purvanchal Publication, Varanasi, Vol XI,1989, p. 138.

16. Ibid, p. 138.

exporters would do well to explore all avenues to achieve the highest growth possible.

Export promotion from India is a major action plank for our 40 Offices located abroad in 26 countries. The working Chairman, in the Annual General meeting of the bank's Shareholders, dwelt at length on the steps taken by the bank to stimulate export from the country. The objectives of the export promotion initiative taken by State Bank, in his words, were, amongst others, identification of new markets, developing and establishing new markets for the products of our customers, carrying out market specific as well as product specific studies to identify ways and means of promoting exports to particular markets or of specific products. A useful beginning has been made and the Chairman spoke of an appropriate organisation that has been created in the Bank for this task. The Bank has allocated a sum of Rs. 1 crores from the last year's profits to fund this programme. This is aimed to benefit our small and medium size clients who do not have the necessary linkage with the overseas markets, which is essential for developing exports[17].

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17. B. Rai, "State Bank has always given special attention to export promotion. It handles almost one third of the total exports from Varanasi and surrounding areas", in carpet-e-world, edited by Dr. G.N. Agrawal, published by Purvanchal Publication, Varanasi, Vol. XI, 1989, p. 138.

However, State Bank has always given special attention to export promotion efforts and has extended sizeable financial assistance for exports from Varanasi and its surrounding areas. The exports handled by SBI account for almost one third of the total export from the area.

The development of exports as discussed above requires that the Government as well as the Industry and Trade should be involved and there should be effective coordination amongst various economic ministries for stepping up exports. Policy declarations of Government should serve the overall consideration of export promotion and be carried out in right earnest. It is giving various incentives and facilities to achieve the target of export and as a result a number of facilities have improved.

CHAPTER - IV

PROBLEMS OF THE CARPET INDUSTRY IN BHADOHI

PROBLEMS OF THE CARPET INDUSTRY IN BHADOHI

The Indian carpet industry took shape under British companies around the year 1900: when the carpet weavers were only about 3500 in number in the famous Bhadohi-Mirzapur belt, known as "Kaleen-buffs."[1] Regardless of their earnings, they commanded a reputed place among other professionals of that area.

After the Independence of India, the carpet industry came under direct control of Indian traders. These traders were not enough educated, yet their hard work, dedication, farsightedness and sincere business eithics helped in the promotion of Indian carpets in international market. Their business trips abroad or visits of carpet importers to India were very limited in those days compared to these days, and were always regarded as big and special events. Every order received for supply was celebrated. Those were the days when mutual trust and bond of faith were very strong between the carpet manufacturers and the weavers.

With industrialisation, education and demand for more output, the carpet weavers started to realise tneir importance. They were no more prepared to travel to the factories for order and delivery of carpets for finishing the carpet of the loom and it affected the high standard of the desired quality.

1. Bhola Nath Baramwal, "Indian Hand-knotted Carpet Industry: A New challenge", Published in Carpet-e-world edited by Dr. G N Agrawal, Published by Purvanchal Publication, Varanasi, Vol. XI, 1989, p. 29.

During last 22 years the minimum wages of carpet weavers have increased 13 times,[2] compared to only 3 times of other skilled occupations such as carpentry, plumbing etc. In Bhadohi/Mirzapur carpet belts which incidently represents 85% of the carpet production of India, the minimum wages in the industry is the highest compared to any other industry.

The carpet industry is the backbone of rural economy in the Bhadohi/Mirzapur belt of Uttar Pradesh. It is estimated that 60% of export earning is paid as wages and in an estimated export of Rs. 200 crores from Bhadohi/Mirzapur belt, at least Rs. 120 crores annually is paid as wages to carpet weavers and other artisans working in this belt. This has improved the economy of the carpet weaving villages, due to high increase in rates of wages to unskilled rural labour including agricultural labour. By way of comparison, it may be mentioned that whereas minimum wages for agricultural labour has been fixed @ Rs. 14/- per day in U.P., the prevailing rates of wages for carpet weavers in Bhadohi/Mirzapur belt is around Rs. 20/- per day. Same way while the rates of wages in non-carpet weaving districts of M.P. are about Rs. 6/- to Rs. 12/- per day, the rates of wages in carpet weaving districts of M.P. range between Rs. 14/- to Rs. 20/- per day.[3]

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2. Information obtained by researcher, by conducted survey
3. Raja Ram Gupta, "Indian hand-knotted carpet Industry- a perspective for growth", Published in Carpet-e-world, edited by Dr. G.N. Agrawal, Published by Purvanchal Publication, Varanasi, Vol. XI, 1989, P. 37.

The carpet industry is essentially export oriented. Over the years, handmade carpets alongwith durries and rugs etc. have consistently provided 45% to 50% of India's foreign exchange earning from handicrafts (excluding Gem and Jewellary). The export of woollen carpets, rugs etc. has risen sharply from about Rs. 14 crores in 1971-72 (in 1966-67 it was less than Rs. 8 crores) to about Rs. 158 crores in 1979-80. The export figures unfortunately remain almost static since 1984-85.

No doubt, the carpet industry is now facing certain problems to which we shall revert, after reviewing briefly the world trade in this important craft.

INDIAN WOOL SITUATION

India produces 35 million Kgs.[4] of wool, a figure which is not based on any authentic statistics. During the last decade there have been reports of large scale export of live sheep for meat to middle East and/or heavy deaths in both the exotic and indigenous flocks involved in the cross-breeding programmes which have depleated stock considerably. It was feared that the deaths were too large and that the population of sheep is declining in India.

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4. A.C. Chudhuri, "Indian Carpet Industry vis-a-vis the World situation", Published in Textile Trend, Oct.,1984, P. 44.

It is a patent fact that India does not produce fine wool 60s-64s quality required for manufacturing of apparels by the organised industry. The National Commission on Agriculture has confirmed the need for importing over 12.5 million Kgs. of Marino wool of the above quality every year to meet the requirements of the apparel industry. The indigenous production of hardly 1.5 million Kgs. is both insufficient and unsuitable to meet the requirements of the apparel industry.[5] Even this too cannot be made available in pure form as it is mixed with large quantities of coarse wool. The organised industry has launched ambitious export programmes and the industry is a net earner of foreign exchange for the country.

The survey reveals that none of the development and/ or research programmes of the Ministry of Agriculture involve production of fine wool of 60s to 64s quality. The major approach of the Government of India has been to undertake cross-breeding to produce wools which are suitable for carpets only. To assume that the country will produce 12.5 million Kgs.[6] of fine wool in the next 10 years would, according to us, be an exercise in futility as neither funds have been allocated nor plans undertaken for embarking on such an

5. A.C. Chaudhuri, "Indian Carpet Industry vis-a-vis the World Situation." Published in Textile Trend, Oct., 1984, P. 45.

6. Ibid, P. 45.

ambitious massive programme. Unless these plans involve outright rearing of pure Merino strains 60s-64s quality wool cannot be produced in this country. Pure breeding of Merino has been done in Jammu and Kashmir but the total population is 1 million sheep only. These sheep too produce fine carpet wools and are being upgraded for producing the same type of wool only. Breeding of pure Merino sheep was successfully undertaken by Raymonds in their farm at Dhulia but this farm has also run into difficulties because of unsympathetic Government policy and local problems.

WOOL PRODUCTION & UTILISATION

The most important sector for utilisation of Indian wool is the carpet sector. Wool production figures and utilisation of wool in this sector have been estimated in Table 1.

TABLE NO. 1

Total Wool Produced		35.00 Mil. Kgs.
Wool below 36s not used for Carpets		12.42 Mil. Kgs.
	Balance	22.58 Mil. Kgs.
Fine Wool (used in Jammu & Kashmir)		1.58 Mil. Kgs.
	Balance	21.00 Mil. Kgs.
Coloured Wool (Black and Brown)		8.54 Mil. Kgs.
	Balance	12.46 Mil. Kgs.

Source: Textile Trend, 1984, P. 45

The question now arises as to whether this 12.46 Mil. Kgs. of wool, half of which is canary coloured and cannot be dyed in autumn shedes is sufficient for our carpet industry or not. The present production of carpets in India has been estimated at 5 million sq. meters which would require about 20 million kgs. of wool. There is, therefore, a gap of about 8 million kgs. of carpet wool which has to be met through imports. We understand that the Ministry of Agriculture has accepted that in order to meet the targets for export of carpets, the industry needs an additional 8 million kgs. of carpet wool.

Raw wool production in India has not kept pace with the increasing demands of the consuming industry. The supply-demand gap has been widening during the last three years as wool production was affected by severe drought conditions in major producing areas.

Sheep population in 1987 was estimated at 34 million, but weight of wool produced per sheep was very low. The total production last year was 27000 tonnes, almost all of which was above 36 microns. Because of the drought conditions in the last 3 years, the sheep population has redeceased from around 40 million in 1984 to the present about 35 million, resulting in reduction of wool production from 36000 tonnes to 27000 tonnes.[7]

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7. Raja Ram Gupta, "Indian hand-knotted carpet Industry- a perspective for growth", Published in Carpet-e-World, edited by Dr. G.N. Agrawal. Published by Purvanchal Publication, Varanasi, Vol. XI, 1989, P. 41.

The carpet industry, which used the entire production of indigenous wool has been importing the commodity from New Zealand to fill the gap in supply. To ease the situation further, the Government has recently reduced the import duty on wool of 36 microns and above from 25 percent advalorem to only 5 percent advalorem. Finer varieties of wool, however, continue to be paid duty at higher rate which should also be reduced.[8]

ESTIMATED FIBRE REQUIREMENT

According to a study undertaken by the International Wool Secretariat, requirement of raw wool by carpet industry alone will be around 42 million kgs. by the year 1989-90. Table No.2 reveals this situation.

TABLE NO. 2

SHOWING THE ESTIMATED FIBRE REQUIREMENT IN 1989-90 (In Mil.Kgs.)

Sector	Yarn Production	Wool Fibre Requirement
1. Worsted*	45.000	48.835
- Weaving	45.058	
- Hosiery	12.633	
- Knotting	08.412	
2. Woollen	16.386	16.386
3. Carpet	38.233	42.206

*includes acrylic, viscose and Polyester

Source: IWS, Planning Commission, Study Group.

8. Raja Ram Gupta, "Indian hand-knotted Carpet Industry- a perspective for growth", Published in Carpet-e-World, edited by Dr. G.N. Agrawal. Published by Purvanchal Publication, Varanasi, Vol. XI, 1989, P. 41

The estimated import of raw wool by the woollen industry during 1989 has been of the order of 28 million kgs. The import of woollen rags, synthetic rags, shoddy wool and waste for shoddy industry was up by 6 million kgs in 1985 and stood at 40 million kgs.[9]

Apparel wool imports dropped marginally during the year 1988 as compared to the previous year where as that of scoured wool by carpet industry, largely from New Zealand, registered an increase of about 50 percent.[10]

PRODUCTION OF MAJOR ITEMS IN THE WOOLLEN INDUSTRY

The production of major items in the woollen industry during last year was maintained. The Table No. 3 reveals the production of various products made by wool.

TABLE NO. 3

SHOWING THE PRODUCTION OF MAJOR ITEMS IN THE WOOLLEN INDUSTRY

Items	Quantity
1. Worsted yarn	29 million Kgs.
2. Woollen yarn	22 million Kgs.
3. Wool tops	15 million Kgs.
4. Worsted/Woollen Fabrics	52 million Kgs.
5. Shoddy yarn	22 million Kgs.
6. Shoddy/Woollen Blankets	11 million pieces
7. Shoddy Fabrics	9 million meters
8. Knitted goods	13 million Kgs,
9. Hand Knotted Carpets	5 million sq. meters
10. Machine made carpets	1.5 million sq.meters

Source: The Economic Times, 22 Sept., 1990, P. 9

9. Suresh Shah, "Woollen Industry-Gearing to boost exports", Published in paper of "The Economic Times", dated 22 Sept., 1990, Vol. 155, P. 9

10. Ibid, P. 9

IMPORT OF GREASY WOOL FROM AUSTRALIA

The following Table gives a detail of greasy wool import from Australia:

TABLE NO. 4

IMPORT OF GREASY WOOL FROM AUSTRALIA

(In million kgs.)

Year	Quantity
1979-80	13.561
1980-81	18.013
1981-82	13.602
1982-83	13.649
1983-84	18.575
1984-85	19.794
1985-86	26.198
1986-87	21.192
1987-88	23.958
1988-89	17.345
1989-90	15.358

Source: The Economic Times, 22 Sept., 1990, P. 9

From the above table (No.4) it can be studied that the country continues to be dependent on Australia for its major requirement of high quality raw wool. During 1989-90, India was the 11th largest buyer of Australia wool with import of greasy wool totalling 15.358 million kgs. It is, however, worth noting that quantity-wise the imports from Australia have come down from 26.198 million kgs. in 1985-86 to 23.958 million kgs. in 1987-88 and further to 17.345 million kgs. during 1988-89. In value terms the import bill has gone up substantially as a result of the steep rise in prices of Australian wool recorded during last three years.

The industry is dependent on the import of finer quality of wool to meet its raw material requirement and considering the need for import, the Government has reduced the import duty from around 75 percent to 25 percent on raw wool. The carpet industry is partially dependent on import to meet its raw material needs. On various representations from the industry, a Government has extended the scope of 5 percent concessional import duty on carpet wool further from 36 microns and above to 32 microns and above since August, 1989.[11] This has enabled the carpet wool spinners to utilise a wide range of better quality carpet wool for quality production of carpets.

DRAWBACK IN INDIAN WOOL

The drawbacks in Indian wool for which correction by blending is necessary are:

i) Indian wools are brittle, hard and coarse;

ii) They completely lack in luster;

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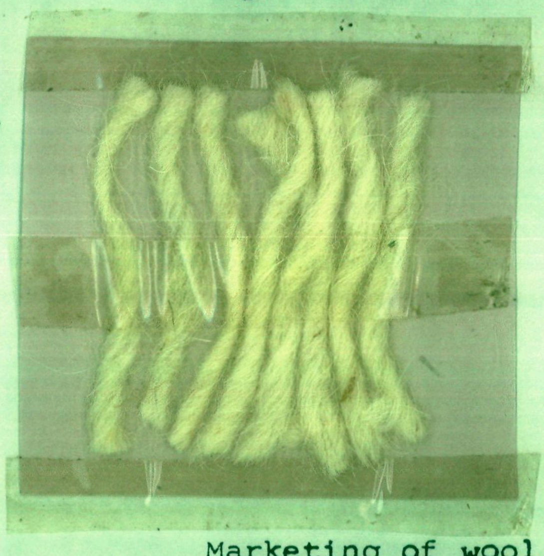
11. Suresh Shah, "Woollen Industries-Gearing to boost exports". Published in paper of "The Economic Times", dated 22 Sept., 1990, Vol. 155, P. 9.

iii) They are largely hairy, often fully medulated; and

iv) Half of the wool produced is of cavary coloured which cannot be dyed to lighter shades to meet the fashion demands.

These two types of woollen yarn are attached below. One of these has fine wool, imported from New Zealand and the other is indigenous wool:

Fine Wool
Imported from New Zealand



Indigenous
Wool

Marketing of wool by the Government needs careful consideration. Initially, it was meant to establish marketing Boards/Corporation to eliminate the middle man, the wool trader who acted as a bridge between the grower and the industry. It cannot be precisely known as to whether funds provided by the Government of India for establishing these Boards/Corporations in India have been utilised by the concerned state Governments as activities in this regard are not seen. Many states were also asked to establish such

Boards through their own resources but nothing tangible had happened in this regard.

The main drawbacks of these Boards/Corporation as one can see are as follows:

a) They purchase wools not from the growers but from the merchants. Therefore, the prices are high. The industry or the agents of the industry purchase wool directly from the growers at lower price.

b) In majority of cases, prices paid are too high since the buying party, the Government, has no personal interest to save the money.

c) Purchases are made at the convenience of the Government and in complete disregard of the season of availability or the requirement of raw materials.

d) The overhead charges are high. Charges for seasonal work like drivers, graders, transport etc. are on year-long basis which adds to the cost.

e) Wools are not graded at all to the requirements of the industry.

The major projects of the Government of India on cross-breeding programme have not met with much success. There are reports of heavy deaths never heard in the history of sheep industry and a Parliamentary Committee was set up to enquire into this matter.

One may suggest that any restriction on import of fine carpet wools will not revive the industry. Liberal import of fine carpet wool is absolutely essential to utilise the existing infrastructures in the worsted and carpet sectors.

MINIMUM WAGES FOR CARPET INDUSTRY

The main problem of carpet industry is minimum wages. Minimum wages of carpet industry in U.P. Government have been revised with effect from 2nd June, 1988.[12] Table No. 5 is showing this situation.

TABLE NO. 5

MINIMUM WAGES OF WEAVERS FOR CARPET INDUSTRY

1. Unskilled worker	Rs. 525.00	At 600 points of all India cost of living Index with a provision to pay D.A.C. @ 75 paise per paints over and above 600 paints of cost of living index.
2. Semi-Skilled worker	Rs. 555.00	
3. Skilled workman		
Category - 'C'	Rs. 605.00	-do-
Category - 'B'	Rs. 650.00	-do-
Category - 'A'	Rs. 700.00	-do-
4. Highly Skilled worker	Rs. 750-00	-do-

Source: Carpet-e-World, 1989, Vol. XI, P. 42.

12. Raja Ram Gupta, "Indian hand-knotted Carpet Industry- a perspective for growth", Published in Carpet-e-World, edited by Dr. G.N. Agrawal, Published by Purvanchal Publication, Varanasi, Vol. XI, 1989, P. 41.

In case of weavers, the wages earned is much higher as average weaver is able to weave about 10,000 knots per day and the wages for 10,000 knots for an average quality is Rs. 30.00 per day in 8 hours of work and if the weaver also owns looms, his earning is 20% more as provided in the Minimum Wages Act.[13]

The carpet industry is not in a position to pay this high rate of wages and has represented to the Government for a suitable modification. The industry has also filed a Writ Petition which is now pending with Hon'ble High Court of Judicature, Allahabad.

The wages in carpet industry are the highest as compared to any other industry in U.P. A detailed idea can be had from the Appendix No. 1.

STEAM COAL

There is acute shortage of steam coal for carpet industry in Bhadohi/Mirzapur carpet belt where it is required for dying of woollen yarn. The All India Carpet Manufacturers Association has represented to the authorities concerned to increase the allotment of steam coal to carpet manufacturers and also ensure movement of the wagons by the Railways. Unless supply of coal is improved immediately, the carpet

13. Information obtained from conducted survey by Research Scholar in Bhadohi.

export will suffer resulting in loss of foreign exchange and also umemployment of rural labour.

EXCISE DUTY ON SEMI WORSTED YARN

The Central Government has imposed an excise duty of Rs. 5/- per kg. on semi worsted yarn.[14] The association has represented to the Government for its removal, if such yarn is used in manufacturing of Hand Knotted Carpets in the area of Bhadohi/Mirzapur, as otherwise it will not be possible to compete in International Markets where the demand for semi worsted yarn is increasing.

SALES TAX

There has never been any sales tax on hand spun woollen carpet yarn as it was a Kutir Udyog. For the first time a sales tax of 2%[15] has been levied on such yarn which should be immediately removed because it is causing a great hardship to the poor people and widows who are engaged in this work and spinning on Churkha, their main source of livelihood. The Association has already represented to the Government for its removal.

ROLE OF U.P. SMALL INDUSTRIES CORPORATION LIMITED

The functioning of the Raw material Depots of UPSIC at Bhadohi, Khamaria and Mirzapur is not satisfactory and

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14. Information gathered by Research Scholar through questionnaire.

15. Ibid

beneficial to the Carpet Industry. In order to make these Depot of real assistance it has been urged that the disputes between the parties in respect of quantity discount be settled and the rate of interest be suitably amended.

INFRA STRUCTURAL FACILITIES AND CIVIC AMENITIES

The carpet producing areas viz; Bhadohi, Mirzapur are regularly visited by overseas customers for making purchases and booking orders. Unfortunately infra structural facilities like telephone, telex, Guest House or Hotel accommodation are not existent in this are, which hampers proper growth of industry. Civic amenities like roads, drainage, bypasses, hospital are also particularly at very low ebb and need immediate and special attention of State Government. It has been represented to the State Government to provide better and cleaner surroundings and all round improvement in the living conditions.

INDIAN CARPET'S COMPETITION WITH ASIAN COUNTRIES

The Indian hand made carpet industry has a rich heritage and a great potential to grow in future and become one of country's major foreign exchange earners through exports. The industry is, however, riddled at present with a number of problems, problems which require immediate consideration and a lasting solution to enable it survive the severe onslaught faced in the international markets, particularly from countries like Pakistan, China, Iran, Nepal and

Morocco. We have made a country-wise study of the competitive conditions obtained in respect of carpet exports with special reference to the position of India.

CHINA

China is a major competitor of Indian woollen carpets as it is exporting its products at a very low price. China still dominate by its 90 lines woollen carpets because the western buyers have preference for their thickness and traditional designs. The most popular size is 6x9 with close backs. The other qualities produced by China are 120 lines and 150 lines carpets in the range of 7x52 to 9x60 and 12x70 to 14x70. Mainly woollen carpets are produced in 4 folds. 4 folds naturally gives more hold and toughness alongwith covering.[16]

The manufacturing process adopted in China is almost same but to make it more competitive certain special techniques are adopted, such as the selection of the wool, traditional Chinese wool and imported New Zealand wool are used by them.

The dyeing and ball making of yarn too are mechanical. The types and sizes of looms is entirely different. Looms are of 100% iron with two rollers up and down on two strong

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16. PT. Gulab Dhar Mishra, "Action plan for boosting carpet exports to Rupees 750 crores by 1990-91." Published in Carpet-e-World, compiled by Dr. GN Agrawal Published by Purvanchal Publication, Vol. XI, 1989, P. 114

stands with gears of loosing and lightening of looms. The sizes normally used are 300 cms. x 400 cms.; 400 cms.x 500 cms. Wrapping of looms is also done mechanically. Warp and weft is of cotton. They too follow the same techniques and tools we adopt in India. Clipping of carpets is totally manual. Chemical washing and drying of carpets are also done mechanically.[17]

Studies of the manufacturing process show that 40% work is done manually and 60% mechanically. Still these carpets are counted as hand-knotted carpets. The salaries and wages given to the workers are very less. All these factors contribute to the reasoning of prices of products cheap.

The promotional efforts for better exports are carried out by various corporation like China National Native Produce Association (CNNPA), the China Art and Crafts Corporation (CNACC) and China Silk Corporation (CSC).

PAKISTAN

Carpet making is a traditional work in Pakistan. Historically, it began among the skilled nomadic people of the country's South Western and North Western areas who continue this ancient craft. It received an impetus during the

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17. PT. Gulab Dhar Mishra, "Action Plan for boosting carpet exports to Rupees 750 crores by 1990-91". Published in Carpet-e-World, compiled by Dr. G.N Agrawal Published by Purvanchal Publication, Vol. XI, 1989, P. 115.

Mughal rule from the sixteenth to the nineteenth centuries and particularly during the regime of emperor Akbar. Many carpet weavers were brought and although organised workshops were established during the past partition revival, yet labour laws and workers expectations compelled investors to disband their production units and weavers to set up looms in their own homes. Over 80%[18] of the country's total production currently comes from cottage industry and is ultimately exported.

Pakistan is a major producer of carpets after Iran, India and China. Average annual rate of 22.8% growth was established between the years 1968-69 to 1977-78. Almost in 54 regions in four provinces, carpets are produced while 75% of production comes from Punjab region.[19]

The industry used domestic cotton yarn for warp and weft. This is in abundant supply because Pakistan is a major grower of this product.

This appears to be a weak point of the industry. There is dearth of raw designs and no attention as desired is paid for their creation.

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18. PT. Gulab Dhar Mishra, "Action plan for boosting carpet exports to Rupees 750 crores by 1990-91." op. cit., P. 115

19. Ibid, P. 115

Normal Local Design	Persian
Bokhara	Mashadi
Mauri	Kashan
Salor	Ghoma
Hatchu	Yazd
Yamud	Ardabil

The production cost is lower as compared to Indian cost due to cheap labour and many incentives available to the industry for export.

IRAN

The Iranian carpets are known for its legendary designs and super-craftsmanship. The industry in Iran is mainly cottage based and the total weaving is done manually. There is no source to confirm the present position of the industry nor any authenticated statistics are available on exports due to gulf war.

NEPAL

The new emerging competitor is Nepal where the local production is carried out as a cottage industry. The main area of production is Kathmandu. The carpets produced resemble mostly chinese designs and few others are local designs. Most of the carpets are sold to the western visiting tourists and the rest is being exported.

Presently the hand knotted woollen carpet industry is facing a number of problems. Non-availability of raw materials, mainly good quality of woollen yarn at reasonable prices and poor quality and inadequate quantity are the most serious problems. The prices of raw materials (woollen yarn, cotton yarn and dyes) have increased significantly during few years which has resulted in increase of the cost of production. For overcoming these problems indigenous wool production should be encouraged by providing incentive to the sheep rearers. Improved variety of sheep should be introduced. Till we are not in a position to meet the requirement of woollen yarn through our local produce the Government. Should allow duty free import of woollen yarns.

The lack of civic amenities in Bhadohi also causes lot of inconvenience to the overseas buyers. There is thus need to provide civic amenities and other infrastructural facilities at Bhadohi. A major development in this direction is the establishment of Bhadohi Industrial Development Authority. It is expected that in near future this organisation would provide amenities which are lacking in this area. With this advancement it would be possible to make optimum and efficient utilization of resources. This will also bring down the cost or production.

Meanwhile, the Indian hand knotted woollen carpet industry is facing tough competition from Pakistan, China and Iran etc. in the world market. However, on account of shortage of labour, Iran is virtually coming out of international market leaving Pakistan and China as the main competitors. In these countries their Governments are providing more incentives to the carpet manufacturers as compared to India. So they enjoy better competitive position than Indian exporters.

CHAPTER - V

CONCLUSIONS AND SUGGESTIONS

CONCLUSIONS AND SUGGESTIONS

In the preceding chapters, different aspects of carpet industry adopted by the carpet manufacturers-exporters of Bhadohi have been analysed. In this final chapter, in brief the major conclusions of study and suggestions in that regard are presented.

The available evidence about the origin of carpet industry in India is rather conflicting. However, this much is beyond doubt that the industry had carved out a place for itself during the Moghul period. About the origin of the industry in Bhadohi it is said that one Lugman, a carpet weaver of Persia, was the lone surviver of a carvan way-laid some where in Mirzapur, who trained the population in the art of carpet weaving.

The hand knotted woollen carpet industry is an ancient handicraft of India. It was encouraged during Emperor Akbar's reign, about four centuries ago. In India, it is a rural based traditional handicraft and Bhadohi is the main manufacturing and exporting centre. It is located in Tehsil Gyanpur of district Varanasi. There is a carpet belt consisting of Varanasi, Mirzapur, Jaunpur and Allahabad districts with

Bhadohi as nucleus point. This whole region is popularly know all over the world as Bhadohi-Mirzapur carpet belt. The carpet manufacturing centres in India are spread over the states of Uttar Pradesh, Punjab, Jammu and Kashmir, Rajasthan, Madhya Pradesh, Haryana, Andhra Pradesh, Bihar, West Bengal and Tamil Nadu. Of these, Bhadohi-Mirzapur carpet belt alone accounts for about 90 percent of the total carpet exports from India. Carpets manufactured in these states have their own special features. The carpets manufactured at this centre are known for the beauty, individuality and quality all over the world. In fact, due to its originality and prominence almost all quality conscious carpet buyers of the world now confidently buy Indian hand made carpets.

The woollen carpet industry is on one hand a labour intensive, employing a large chunk of rural work force from Mirzapur-Bhadohi carpet belt and export oriented on the other. It has been estimated that about 5 to 7 lakh weavers are engaged in the country out of which about fifty percent are from the Bhadohi-Mirzapur carpet belt alone working on about 1,10,000 looms. In Gyanpur tehsil of Varanasi district alone there are about 2,00,000 weavers engaged in woollen carpet industry.

At the initial stage people from only Muslim community took up the job of woollen carpet weaving but later on other communities also got involved gradually in this craft. Mostly people belonging to scheduled castes, scheduled tribes and other backward classes are employed in carpet weaving and other related activities such as dyeing, drying, washing, clipping, finishing etc. associated with it. Generally landless agricultural labourers small and marginal farmers are engaged in carpet weaving. The pressure on agricultural land is rising due to growing population in rural areas with the result people from other communities are now entering in the field of carpet weaving in order to supplement their earnings.

The survey conducted in about 50 selected carpet manufacturers-exporters indicates that the occupation of carpet weaving was remunerative in the past but presently it has become non-profitable due to low wages. It was also reported during the survey that some of them are engaged in carpet weaving because no alternative job is available in the village. In fact, most of the weavers are not in favour of employing their children in carpet weaving due to low wages. This state of affair has been confirmed by the reporting of a large number of households that the younger generation is not taking interest in carpet weaving because they consider this occupation as non-lucrative. This is not a healthy sign for the development of this industry. In fact, wages are much lower in relation to the amount of hard labour put in by the weavers. On the other hand the exporters who started working for the woollen carpet industry with a very little amount of money are now quite well off. In the midts of such circumstances the economic condition of weavers is becoming deplorable day-by-day.

The poor plight of the weavers is further aggravated due to their exploitation by the manufacturers/contractors. After putting in hard labour of about 12 hours in a day they get wages on an average varying between Rs. 8/- to 12/-. Under the circumstances the reason put forward by labourers for not employing their children in carpet weaving seems to be genuine.

It was observed during the survey that even unskilled construction labour earns more wages than a carpet weaver. But astonishingly despite low amount of wages being paid to the weavers their number is increasing day-by-day.

Since woollen carpet industry is labour intensive and the same is available in abundance hence there is much scope for the development of this industry provided proper incentive is given and necessary infrastructure is made available.

There is, however, at present shortage of skilled weavers who can develop new varieties of colourful designs on their own. The weavers are of the opinion that the Govt. should take some strong steps in order to protect them from exploitation by exporters/contractors.

This study has revealed that the manufacturers are earning good margin of profit through exports and also getting benefits from the Government in the form of subsidy and other incentive, yet the weavers are deprived of the reward for their hard labour. The manufacturers are not in favour of wage revision. They plead that owing to revision of wage structure the cost of production would increase with the result that product would not be in a position to meet the cut throat competition prevailing in the world market.

Low wages, lack of training, medical facilities, credit and infrastructural facilities in rural areas are the main problems faced by the weavers. Some of them main problems are described below:

1. As already stated the wages of weavers are very low and insufficient to maintain a minimum standard of living. After hard labour they get on an average daily wages ranging between Rs. 8/- to Rs. 12/- with this meagre amount they are

always hand to mouth and have to take loan in order to buy items needed for their daily use. This problem is common for all the weavers.

2. There is insufficient institutional training facilities in this area. In fact, training centres started by the Office of the Development Commissioner (Handicrafts), New Delhi and Uttar Pradesh Export Corporation, are very limited. The learning process takes a minimum period of 6 months and in some cases even 2 years for which the aspirants have to invest their own time and in a few cases they have to pay some amount to the trainers. Therefore, more training centres should be opened to provide better training facilities to the weavers.

3. The weavers face problems in obtaining loan for the installation of looms, construction of building for the workshop and for other family affairs. The loom alone cost Rs.4 to 5 thousand. They have to take loan for these purpose from the manufacturers/contractors and money lenders which ultimately leads to their exploitation. It would be better to build up a strong cooperative sector for the weavers so that they are not exploited by the manufacturers/contractors and money lenders and are in a position to enjoy the fruits of their labour.

4. The weavers do not get any other benefit except wages for their work. Hence the Government should launch welfare schemes such as medical leave, provident fund and pension facilities under the provision of existing labour laws, apart from medical facilities. The manufacturers cannot look after the interest of the weavers so the Government should initiate programmes for the welfare of the weavers.

5. It is reported that large number of children are employed in carpet industry. In fact, these children are a helping hand to their poor parents and source of earning. They are playing crucial role in the economy of the households by supplementing the family income. The Government of India has passed the child labour (Prohibition and Regulation) Act, 1986 according to which the employment of children below the age of 14 is prohibited. For solving child labour problem it is suggested that an integrated long term prospective programme should be launched for educating and training the children of weaving communities, so that they are not ignorant of their rights and duties.

The Indian hand made carpet industry has long heritage from the past and has a great potential to grow in future and become one of country's major foreign exchange earners through exports. The Indian carpet industry is essentially export oriented. Over the years, hand-made carpets alongwith durries and rugs etc. have consistently provided 45% to 50% of India's foreign exchange earnings from handicrafts (excluding Gem & Jewellery). The export of woollen carpets, rugs etc. had risen sharply from about Rs. 99 crores in 1978-79 to about Rs. 156 crores in 1987-88.

At present, the important buying countries of oriented carpets in the world are West Germany, the U.S.A., the U.K., Switzerland, Swedan, Belgium-Luxembourg, Italy, Denmark, Canada and Australia. These countries account for nearly 90 percent of the world imports of oriental carpets. In 1987-88, the share of West Germany in the total imports from India in value terms was 38.8 percent and that of the U.S.A., Netherland, Canada, Italy, Switzerland and the U.K. 40 percent, 4.6 percent, 4 percent, 3.1 percent,1.9 percent and 2.2 percent respectively.

The important carpet producing and exporting countries in the world are Iran, Pakistan, India, China, Morocco, Afghanistan, Turkey, Rumania and Algeria which together account for over 90 percent of the carpet exports in value terms in 1987-88. Of these, Iran was by for the biggest supplier, accounting for about 35 percent of the world carpet exports followed by India, Pakistan, Morocco, China, Nepal, Turkey and Afghanistan which had a share of 21 percent, 9.1 percent 8 percent, 6.37 percent, 4.6 percent, 4.5 percent and 4.1 percent respectively.

No doubt, the Indian carpet has been facing tough competition in foreign market mainly from Iran, Pakistan, China and Morrocco. Although India's relative share in the carpet imports into West Germany, Swizerland, the U.S.A., Belgium-Luxembourg and Denmark increased to varying degree, it went down sharply in the case of U.K., Canada and Australia.

Pakistan which entered the foreign markets much later than India has been increasing its share of carpet exports.

Our export performance has not been very impressive irrespective of the fact that the Government has taken various measures to boost the production of carpets and its export. Training programmes for the weavers have already been taken up in order to provide skilled labour who can produce carpets of a standard quality. It will not only generate additional employement opportunities in the rural areas but also side by side help for the expansion of this industry. The establishment of woollen spinning mill in Bhadoni for the supply of woollen yarn is a major achievement in this direction. The art of manufacturing hand knotted woollen carpet is reserved for handicraft sector with a view to protect it from mill made carpet. Air Cargo complex has been established at Babatpur airport, Varanasi to facilitate the process of carpet export. In addition to this, the import of duty free wool of good variety from Australia and New Zealand against the export of carpets has been allowed. The Carpet Export Promotion Council has been set up by the Government for the promotion of carpet trade. Some of the main problems experienced in the field of marketing and its suggestions are as follows:

1. Indian hand made carpet is facing stiff competition in the world market from Pakistan, Iran and China. In order to face the challenge the cost of production should be brought down, so that it can be made available at lower prices. For reducing the cost of production, raw material should be made available at subsidised rates and programme for sheep rearing intensified . Moreover, improved variety of sheep should be introduced to make the country self sufficient in the production of wool of good quality. There is 20 percent duty on import of raw wool. It was suggested that duty free import of raw wool should be allowed.

2. The exporters complained that adequate funds are not available to them at reasonable rate of interest. Hence, they demand that funds should be provided to them at concessional rates of interest according to their requirement.

3. Presently pre-shipment credit facility is allowed for 180 days at the concessional rate of 12 percent per annum of interest. But after 180 days it is raised to 16.5 percent. The exporters want this period to be increased in order to give them some more time for shipping.

4. The import and export policy is changed very frequently which disturbs the working process of industry. There should be long term import and export policy for the carpet industry. The incentive to be given to the exporters should be announced well in advance so that maximum number of exporters can be benefited.

5. There are several types of taxes such as excise duty, sales tax, local taxes and import duty etc. on raw wool/ carpet which ultimately increase the cost of production and price of the product. The exporters want the carpet industry should be exempted from the local taxes to bring down the cost of production.

6. Bhadohi, the main carpet trading centre has not yet developed fully. There was neither proper roads nor proper facility for drinking water. The electricity supply is also not dependable. Telephone lines do not work properly and there is no hotel in this town. The overseas buyers generally came to Bhadohi for carpet business but they have to stay in Varanasi due to lack of lodging and boarding facilities. Although Bhadohi Industrial Development Authority (BIDA) is making best efforts to provide civic amenities and other infrastructural facilities, yet it has not brought desired result so far. These problems need immediate attention of the concerned authorities.

SUGGESTIONS

The main suggestions for the development of Carpet Industry are as under:

1. Domestic production of raw wool for carpet industry must be increased to a minimum level of 35 million kilograms yearly in the first stage and subsequently to 50 million kilograms by the end of 8th Five Year Plan to provide the much needed raw materials for carpet production.

2. Import of raw wool for carpet should not be subjected to any fiscal taxes or duties.

3. Training of women in carpet weaving be undertaken on priority to train atleast 50000 women.

4. Liberal export financing for 360 days @ 6% per annum interest should be provided to carpet exporters.

5. Institutional finance be made available to carpet weavers.

6. Suitable promotional schemes for existing markets should be worked out in consultation with farsighted importers and jointly financed by importers and exporters.

7. New thrust area should be identified and suitable promotional measures be undertaken to introduce Indian carpet in countries where Iranian, Chinese and Pakistan carpets are already introduced but Indian carpet requires their introduction promptly.

8. Infrastructural facilities viz, Road, Telecommunication, Electricity, Hotel etc. should be improved on priority in carpet producing belts and in other states.

9. Institute of Carpet Technology at Bhadohi should be urgently established and start functioning to provide research facilities and development to bring the desired

improvement in weaving, designing, dyeing and washing of carpets and also to improve looms and other equipments to achieve the much needed perfection in carpet weaving. Mechanical carpet washing plant should be installed at Bhadohi by arranging technical collaboration with any of the well known oriental rug washers in West Germany or the U.S.A.

10. There is no industry in the world where the capital labour ratio is entirely in favour of labour as in the carpet industry. Present carpet production and export of Rs. 250 crores is already supporting a weaving population of half a million weavers. As the industry grows to produce and export carpets of the order of Rs. 1000 crore, it will provide employment to additional one million people.

However, the development of exports as envisaged in the note above require that the Government as well as Industry and Trade should be effective coordination against various economic ministries for stepping up exports. Policy declaration of Government should centre on export promotion and be carried out in bright earnest.

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GLOSSARY OF TYPICAL TERMS

Aubussen : French design drived from tapstries.

Afghan : A typical geometric design associated with carpets from Afghanistan.

Bacha : In a design where a knot in one phera is placed to the left of a knot of the same colour in the pree-ceding 'phera'.

Bokhara: A group of typical geometric designs associated with Turkaman area of Central Asia.

Barbar: Equal, when a carpet being woven exactly equal to require size.

Dehari: A days work, nominally 6,000 knots which a man is excepected to tie in a working day/dayly wages.

Galich : Carpet

Hand Spun yarn: Yarn spun on spidle or spinning well, without the head of power.

Kashan : Richly ornamental design associated with the high class carpets from Kashan in Iran.

Kirman: A group of typical design associated with high class carpets from Kirman in Iran frequently with pastel colours to suit modern decor, place name.

Loom : The wooden frame on which a carpet is woven.

Mehrab: Arch whence Bokhara design, stylised arch motiff in carpet, such as found at one and of mont of the Jai namaz carpets.

Nakshan: A point paper design from which a carpet is woven.

Pile: The tufts of wool or other fibres knotted into the base fabric of a carpet.

Rug : A piece of chick heavy fabric used for floor covering

Talin : Roks also heligraphic scrip describing a design for the benefit of weavers.

APPENDIX - A

STATEMENT SHOWING THE MINIMUM RATES OF WAGES IN DIFFERENT INDUSTRIES IN UTTAR PRADESH (AS APPLICABLE IN 1988)

(Amount in Rupees)

S.No.	Industry	Date of Notification	Class of work	Basic monthly wage (per person)	Basic wage at point of All India Index Basic-1960=100	Cost of living allowance as on 1-7-1988	Monthly total wage (per person)	Daily
1	2	3	4	5	6	7	8	9
1.	Hand knotted woollen carpets	2-6-1988	Unskilled	525-00	600	121-50	646-50	24-88
2.	Cinema Industry	1-10-1985	"	354-00	400	252-00	606-00	23-30
3.	Cold Storage	11-11-1985	"	299-00	400	252-00	551-00	21-10
4.	Commercial Establishment	21-6-1984	"	299-00	400	307-00	606-00	23-30
5.	Bakeries and Biscuit Manufacturing	NA	"	299-00	400	307-00	606-00	23-50
6.	Construction of Roads and Buildings	29-6-1984	"	299-00	400	307-00	606-00	23-50
7.	Store Breaking and Crushing	29-6-1984	"	299-00	400	307-00	606-00	23-50

1	2	3	4	5	6	7	8	9
8.	Chicken works	20-6-1984	Unskilled	299-00	400	307-00	606-00	23-50
9.	Match Industry	29-6-1984	"	299-00	400	307-00	606-00	23-50
10.	Candy/Ice Cream	29-6-1984	"	299-00	400	307-00	606-00	23-50
11.	Ice Manufacturing	29-6-1984	"	299-00	400	307-00	606-00	23-50
12.	Asbestos/ Cements Products and other Cement Factory	29-6-1984	"	299-00	400	307-00	606-00	23-50
13.	Bidi Industry (Tobacco)	29-6-1984	"	299-00	400	307-00	606-00	23-50
14.	Petrol/Diesel Oil Pump	6-8-1984	"	299-00	400	307-00	606-00	23-50
15.	Readymade Garments	6-8-1984	"	299-00	400	307-00	606-00	23-30
16.	Shops	21-6-1984	"	299-00	400	307-00	606-00	23-30
17.	Woollen Blankets Manufacturing	2-10-1984	"	299-00 (All inclusive)	--	--	299-00	11-50

1	2	3	4	5	6	7	8	9
18.	Hosiery Industry	31-12-1983	Unskilled	299-00	400	181-00	480-00	18-45
19.	Hotel and Restaurent	10-1-1983	" (Within Municipal area)	225-00	300	231-00	456-00	16-77
20.	Wood work and Furniture	25-8-1982	"	260-00 (All inclusive)	--	--	260-00	10-00
21.	Prick Kikr Industry	25-8-1981	"	208-00	--	--	208-00	8-00

Source: Carpet-e-World, 1989, Vol. XI, p. 43.

Stand for NA = Not Available

APPENDIX - B

QUESTIONNAIRE

1. Name of your organisation M/s

2. Nature of Business
   (In Carpets/Other than carpets)

3. Type of plants are being used in your organisation:

   (a) Power Loom

   (b) Hand Loom

4. Installed capacity of your existing plants:

   (in Unit/Other standard)

5. Sources of raw material and its procurement procedures:

6. Labour Employed or involved in manufacturing process (Quantity)

   (i) Skilled

   (ii) Semi-Skilled

   (iii) Unskilled

7. Personnal Policy:

   (i) Wages are paid:

   (a) Daily basis
   (b) Weekly basis
   (c) Monthly basis

   (ii) Do you provide wages, according to their skills — Yes/No

   (iii) Do you provide any incentives and Bonus — Yes/No

   (iv) Do you provide residential facilities — Yes/No

(v) Any other benefit

8. Pricing policy:

   (i) For Home market
   (ii) For Export Market

9. Distribution channels:

   (i) For Home market: Through agent or any other way
   (ii) For Export market: Through your own company or through any other export company (Detailed description)

10. Transportation Media:

   (i) For Home:
   (ii) For Export:

11. Who bears transportation costs: Seller/Buyer

12. Procurement of capital:

   (i) Bank
   (ii) Any other financial institutions

13. Any other problems.

14. Sales records for:

Years:

Exports Market

Total Sale (Home Export)